

The American Economic Review

VOLUME IX, NO. 4

DECEMBER, 1919

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AN ADVENTURE IN STATE INSURANCE

Humanity has perhaps done nothing better in the way of devising a purely human institution than in the field of insurance. By insurance we carry one another's burdens. Instead of waiting until after a catastrophe has happened and then taking up a contribution for the relief of those in distress, through insurance we take up the contribution in advance of the catastrophe and are therefore ready to relieve the distress almost immediately.

Workmen's compensation is insurance. It makes the employer the insurer of his employees; but he may hire some one else to carry that insurance in his stead if he so desires, through some mutual organization with other employers or through some insurance company organized as a corporation or through some state fund or bureau, as the circumstances may determine. The whole fabric of compensation to injured workmen is founded upon insurance principles and upon a just distribution of the risk among all persons liable under the risks of industry and in proportion to the hazards characteristic of each such industry.

California made its first essay into the compensation field of legislation in 1911, by the enactment of what was then commonly known as the Roseberry law, which was in fact the fourth tentative draft of the Wisconsin compensation law. State Senator Louis Roseberry whipped it into shape to fit California's nomenclature and political organization, and by that means put the Wisconsin law into effect in California a few months before it went into effect in Wisconsin.

The Roseberry law was crude and tentative only, elective in its terms, and sufficed mainly to enable the people of California to become familiar with the compensation idea as applied to industry and to make it possible for the then Industrial Accident Board to make such investigations and preparations as were necessary for the formulation of a more adequate and compulsory compensation law. There was otherwise ever so little for the Industrial Accident Board to do, during the two and a third years of life of the

Roseberry law, except to prepare and make ready for presentation to the legislature a draft for a workmen's compensation, insurance and safety act; and it was to this task that the Industrial Accident Board devoted the greater part of its time and energies.

During this interim the writer of this article made a careful and thoroughgoing study of the literature of all of the compensation insurance systems in the world; and, in order to acquaint himself with the insurance side of the insurance problem, he visited a number of eastern cities and held conferences with the managers of a number of large liability insurance concerns, and also met and conversed with those who, by reputation, were deemed best equipped to advise in relation to a just and workable plan for compensation insurance coverage for employers.

As a result of these investigations the writer became convinced that the existing facilities for insurance against the compensation risks of industry were inadequate and that, in justice, they should be made adequate before imposing upon the industries of California a compulsory compensation law; and yet no other form of law than a compulsory one could adequately protect the working people of California from the pauperizing consequences of industrial injury. The great insurance companies were prone to get together and stand together on premium rates, if on nothing else, and adventurers were disposed to organize wilcat, fly-by-night, cut-rate concerns, mainly for the stock-jobbing profits to be made out of the organization rather than for the earnings to be derived from legitimate insurance, all of which worked to the detriment of employers and their injured employees.

It was in the insurance literature of New Zealand that there was first found an idea which seemed to be capable of being whipped into practical form for meeting the requirements of insurance under a compulsory compensation insurance act. Having opened correspondence with the proper officials in New Zealand, we were soon well stocked with reports in relation to the workings of their system of state insurance in free competition with about twenty-five other insurance carriers of one form or another in the compensation field. We found that, in New Zealand, while the state insurance fund was doing only about 10 per cent of the insuring against compensation risks, and was doing that in free and fair competition, the effect of the state's competition upon other insurance carriers was to secure fair premium rates for the employer and fair treatment for the employer's injured employees,

and these were the ends we were seeking in California. We borrowed the idea from New Zealand, but we dressed it in garments better suited to the industrial and political situation in California and presented the measure to the legislature of 1913.

The new bill was entitled "The workmen's compensation, insurance and safety act," and it was warmly espoused by the then governor, Hiram W. Johnson, now United States senator; and, with his hearty coöperation and by reason of the progressive trend of legislation in California at that time, the Industrial Accident Board was able to induce the legislature to empower it, as a commission, to establish a state compensation insurance fund in what was ultimately to be free and fair competition with other insurance carriers and to place to its credit in the state treasury \$100,000 as cash capital to begin business on. This was the foundation upon which the superstructure of a compensation and safety act was based.

It was what Governor Johnson regarded as a "bully fight." The corridors of the capitol building swarmed with insurance men, all with their knives whetted to a keen edge and with bloody-minded intent upon killing the bill if they could consummate its death, but at all events to do it great bodily harm. They did neither. They were beaten at every point and were able to make almost no change at all in the text of the measure as submitted to the legislature by the then Industrial Accident Board. The bill passed both houses with large majorities, was signed by the governor, and went into effect January 1, 1914.

An idea incorporated in the fund was to create a model insurance carrier which other insurance carriers in competition with it would, by the logic of circumstances, be required closely to approximate on pain of having the business go to the state fund; and it required about four months of experience under the new act to enable them to appreciate the force of the argument. It was intended also that the policy of the fund should be influenced by the moralities involved in each situation rather than by the legalities alone; that is, it was purposed to make the fund a warm-blooded financial institution rather than a cold-blooded one; and this policy has been consistently pursued ever since. It was also determined that as soon as the fund became strong enough its competition with private insurance carriers should become wholly fair; it should pay the same taxes that other insurance carriers were required to pay, and it should derive no direct advantage

from the state's other activities not shareable by all other insurance carriers in competition with it in the compensation field.

The following were the chief arguments advanced against the adoption of the measure by the legislature:

1. That the insurance field belonged to private enterprise.

The proponents of the measure dissented from this proposition and held insurance to be a public service, a service which the state could directly perform, in whole or in part, to the exclusion of all other carriers or in competition with them, for the reason that the public welfare, which the state was created to protect, was vitally involved in the institution of compensation insurance, at least. It was held that the state might delegate such a service to a private or mutual enterprise or might discharge the obligation itself; that the issue was not academic, but practical, and that the decision should depend upon which plan is likely to work the better. It was then, and still is, the judgment of the writer of this article that the competitive plan would work best for employers, best for employees, and the best for the economic interests of the state, as well as best for the state fund, which needs competition to keep it progressive in its efforts to render the best possible service at a reasonable cost for the performance of such service.

2. It was contended that politics must inevitably get into the management of the fund, and so hopelessly injure it.

It cannot be denied that there was, and always has been, some danger of such an eventuality, but for more than five years not one appointment to a position within the State Compensation Insurance Fund has been made through political consideration. The fund has not only kept out of politics, but it has kept politics out of the fund, which has been to the very great advantage of the fund as well as of the politics of the state.

Furthermore, all of the employees of the fund, except the manager and the heads of departments, are employed through a vigorous and rigorous state civil service law, which is entirely non-partisan in its operation.

3. That the state fund would get the bad risks and the insurance companies the good ones.

That there is such a tendency wherever the state enters the insurance field in competition with other insurance carriers is true enough, but the state fund in California has resisted this tendency and has put forth its energies to aid the bad risks in becoming

good risks before they are given insurance coverage, and with a high degree of success. The fact that the loss ratio of the fund is lower than that of the average for other insurance carriers shows that it has selected its risks with as high a degree of underwriting judgment as other insurance carriers and that it has not had more than its just quota of bad risks to carry.

4. It was dogmatically declared that private enterprise can do business cheaper than the state.

The writer is inclined to agree with the proposition that private enterprise *can* do business more cheaply than the state, but that it will not do it as cheaply as the state if it can avoid it.

The insurance carriers in competition with the fund have stoutly claimed that they cannot do the business of insurance with an overhead expense of less than 35 per cent of the premiums received; and, during the last year and a half, they have so raised their rates as to allow 40 per cent for this purpose. The cost of the state fund's doing business has only once exceeded 15 per cent and for the year 1918 it was a trifle less than 12 per cent, or, to be exact, 11.79 per cent of the net premiums received. In other words, the state fund is transacting business at one third the cost which the private insurance carriers set aside for that purpose. Yet the only part of the expense of the fund which the state bears is that the state pays the salaries of the industrial accident commissioners, who sit as a board of directors for directing the general policy of the fund, and to this task the commission does not devote more than two hours per week. That is absolutely all the benefit or advantage the state fund gets by reason of state aid, and that is negligible. The fund now pays the same taxes that other insurance carriers pay, pays for all its own labor and rent and every other element of cost in doing an insurance business; but it does the business economically, wines and dines no legislators, and does not seek to hire employers to give it their business through any form of hospitality or entertainment. The writer has all along felt that if private insurance carriers would have a good housecleaning and a reorganization of their methods of doing business they could stay in the field in competition with the state fund and make a fair rate of profit on their investment.

The fund must invest the money in its control as savings banks invest their funds; the private insurance carriers may invest "other people's money" in their possession as commercial banks invest, or as promoters, for that matter, and so make a larger

return than the fund can upon its investments. Private insurance carriers may hire their labor in the open labor market and may work their employees as many hours as they can induce them to work. The fund must secure its labor from the State Civil Service Commission and pay salaries comparable to those paid in other departments of the state service.

5. It was contended that it is unjust that three commissioners, whose duty it is to sit in judgment over controversies between injured persons and insurance carriers, should also sit as a board of directors in the operation of an insurance concern in competition with such other private insurance carriers.

The commission has always admitted that there is just here an academic inconsistency in the act, but there was no good way of avoiding the difficulty. If the industrial accident commissioners were minded to be unjust and to discriminate against private insurance carriers and in favor of a state fund they could do this just as readily without regard to whether the commission controlled the fund or whether its control were placed wherever else it might be placed—in the hands of a separate commission, the state insurance commissioner or the manager of the fund alone—and yet the opportunities so to discriminate would be very few. All of the decisions of the commission are open, and discriminations could not be practiced without being called to public attention, a deserved condemnation being visited upon the heads of the commissioners. In default of proof of such discrimination—and no such proof has ever been forthcoming in spite of frequent challenges to produce it—the issue becomes what Abraham Lincoln properly characterized as “a pernicious abstraction.” Our manager of the fund is so fully persuaded that there is no discrimination against other insurance carriers and in favor of the fund that he feels that the commission leans over backward, and perhaps it does.

The commissioners do consciously discriminate in many instances, but always against the fund. This is done where the legalities would require the denial of compensation if the insurance carrier were a stock company, insistent that it should be required to pay only what the law required it to pay, but where the commissioners believe that the moralities require the payments to be made. As long as government by law stands there will probably be a broad difference between justice as measured by the legalities and as measured by the moralities. Legalities must deal with common conditions and can seldom adjust themselves to spe-

cific cases. The moralities may deal with specific cases which do not fall into line with the law of average, and all insurance is based upon the law of average. The commission does this with good conscience, feeling that if by so doing the employer is taxed a little more for his premiums the burden is offset many times over by economies practiced by the management in the conduct of the fund. In short, as hereinbefore suggested, the difference between the policy of the fund and that of many stock companies consists in this: that the fund is made a warm-blooded financial institution, whereas those who are in the insurance field for the profit they can make out of it tend to make their concerns cold-blooded financial institutions; and in the practical operation of these different tendencies differing results of considerable importance to humanity are attained. Furthermore, no board or commission not in daily contact with the administration of a compensation law can know how to make an insurance carrier respond to the requirements of such a law.

The State Compensation Insurance Fund of California was ready for business on January 1, 1914, and it was gotten ready by the then Industrial Accident Board, operating under the Roseberry law, and by the expenditure of something less than \$5,000 in equipping a business office and employing a manager and a few assistants for about two months so that the fund might be ready when the new compensation, insurance and safety act went into effect. This expenditure covers absolutely the only cost that the fund has occasioned the state except the use of the \$100,000 capital provided by the act of the legislature of 1913.

The first prerequisite was to devise premium rates to be charged employers under the new act, but it was not within the scope of human knowledge to know in advance what the premium rates should be for the ensuing year. A basis of information and experience did not exist. Accordingly, the fund adopted the rates charged by the liability insurance companies, based upon such experience in this and other countries as could be made available, making sure to collect enough in premiums to cover the payments necessary to be made; and the fund has ever since charged the same rates that other insurance carriers have charged, these being the minimum rates fixed by the state insurance commissioner, except that the other carriers, at the beginning of 1918, increased their rates 5 per cent, which increase the fund did not meet. It will probably be ten years before a volume of experience in rates

can be accumulated that will justify making premium rates anything more than tentative, but any good bookkeeper can tell at the end of the year what the rates should have been. For this reason it has been the policy of the fund to make its policies "participating," as insurance men call them; that is, at the end of each year, the policy holders participate in any savings that have been effected in the course of the year's business in the form of dividends; and "dividends," in insurance, mean that the insurer has paid that much too much for his insurance. At the end of each year the state fund has returned 15 per cent of the premiums received to the policy holders on an average, some more, some less, as the experience in each classification warranted.

The legislature of 1915 enacted a reserve law requiring insurance companies to retain, undistributed to their stockholders, a certain percentage of their premiums intact for three years before releasing them to their surplus accounts. Upon the expiration of this term the fund returned to its policy holders of 1914, 20 per cent additional dividends, besides the 15 per cent returned at the end of that year, making 35 per cent in all on the premiums paid during that year. The next year there was paid a second dividend to the policy holders of 1915 of 18 per cent, making 33 per cent of the premiums paid during that year; and it is anticipated that the fund will go right on making its regular 15 per cent return, if not more, at the end of each year, and, three and a half years after, a second dividend of 15 to 25 per cent, owing to what the loss experience and the cost experience have been. Now that, as will be seen further on, the capitalization of the fund has been made adequate, the dividends repaid to policy holders should be greatly increased unless restricted by an exceptionally unfavorable loss experience. It is almost needless to say that the competing insurance carriers have made no such returns. In this way those who insure with the state fund get their insurance at exactly what it does cost the state to do the insuring, no more and no less. More than this they have no right to demand and less than this they have no obligation to put up with. The dividends so repaid by the fund during the first five years of its existence aggregated \$790,000.

It may be of interest to note the growth of the business of the fund year by year. For 1914, the premiums received amounted in the aggregate to \$547,161.24; for 1915, \$655,676.55; for 1916, \$928,281.15; for 1917, \$1,373,791.54; for 1918, \$2,459,086.08. The prospects are that the premium receipts of

the fund for the current year, 1919, will equal or exceed three millions.

The overhead cost of doing business for the year 1914 was 12.65 per cent; for the year 1915, it was 15.48 per cent; for 1916, 14.05 per cent; for 1917, 14.76 per cent; for 1918, 11.79 per cent; or an average of 13.75 per cent for the five years of the existence of the fund.

It was declared in the act that: "said Fund shall, after a reasonable time during which it may establish a business, be fairly competitive with other insurance carriers and it is the intent of the Legislature that said Fund shall ultimately become neither more nor less than self-supporting." The time has come when this ultimate ideal is realizable. The \$100,000 capital with which the fund was supplied by the state was inadequate to enable the fund to carry the largest risks offered it or to be certain of not being wholly wiped out by some catastrophe hazard. Therefore, if the fund was to perform the service reasonably required of it by the state it was necessary for it largely to augment its capital and surplus. In short, it needed a round million dollars as an anchor to windward to justify full faith and credit in its ability to pay all losses and to carry the largest risks the employers of the state had to offer. It was useless to appeal to the legislature for any such sum of money and the only other way to obtain it was to keep back from the policy holders a share of the excess premiums paid and interest earned. This was done and yet, in spite of returning the \$790,000 to policy holders above referred to, and in spite of the active competition of many other insurance carriers, the State Insurance Fund of California has accumulated a surplus so rapidly that the commissioners are almost ashamed to let policy holders know how profitable the enterprise has been as a money-making institution.

On the 31st day of December, the fund had a net surplus, not including the \$100,000 capital given it by the state, amounting to \$1,038,958.96, without a dollar of indebtedness chargeable against it; and this accumulation has been made in five years, charging the same rates or lower rates than other insurance carriers charged and, for a portion of the time at least, bearing all of the tax burdens that other insurance carriers had to bear. Meanwhile, the \$100,000 original capital has never been touched, except that it was placed at about $4\frac{1}{2}$ per cent interest. The average profit per year was \$207,791.79, and the ratio of the average profit to the capital was, in round numbers, 207 per cent per annum, notwith-

standing the return of \$790,000 to the policy holders above referred to.

If no dividends had been declared or paid to the policy holders the accumulated surplus would then have been \$1,690,191.54, the average annual profit for the five-year period would have been \$338,038.51, and the ratio of profit to the capital invested would have been 338 per cent per annum. It should be noted just here that whatever the other insurance carriers did with their surplus they did not return any of it to the policy holders and it is not believed that many of them have much of it to their credit at this time.

Again, assuming that the state fund had been started as a stock insurance corporation, and that the stock had paid regular annual dividends of 6 per cent and so remained at par, the 6 per cent dividend to stockholders would have taken \$30,000 from the heretofore mentioned surplus and accumulation; but, deducting this and proposing to make a stock dividend to the shareholders for the distribution of the accumulation, the shares would then have had a market value of \$1,108, instead of a par value of \$100. In the expressive language of financiering circles, this would be known as "cutting a melon," and no doubt the melon would have been relished by the shareholders; but, assuming that the fund, conducted as a stock company, had returned no dividends to policy holders other than the 6 per cent above suggested, the other conditions of the business remaining the same, a much larger and more juicy melon could have been served up to the stockholders, for the shares would then have been worth \$1,760, instead of \$100 par value. This looks like making money pretty fast.

While the State Compensation Insurance Fund has been prospering as above made evident, five of its competitors in the field have failed and gone into liquidation, leaving small assets to their stockholders and leaving hundreds of injured employees and their dependents uncompensated; and ten other insurance companies have retired from the compensation field unable to do a profitable business in competition with the state fund. There are still about twenty insurance carriers in the field, but most of them complain that they are unable to make any money out of insuring against compensation risks.

However, the state is doing only about 40 per cent of the insuring of compensation and 60 per cent of it still goes to other carriers, mainly to stock companies. Just why so many employers persist in giving their business to the stock companies in the face

of the well known fact that the state fund ultimately returns at least one third of the premiums to the insurers is not entirely clear. The stock companies attribute their success in getting business, notwithstanding this handicap, altogether to salesmanship, but it would seem that salesmen who can sell insurance for a third more than it can be had for elsewhere are wasting their time selling insurance, which at best does cost a great deal of money, when, as in California, there is so much blue sky to be sold that does not cost anything at all.

The black beast which pursues the insurance carriers is the insurance broker. He performs a useful service, but is paid by the wrong party. If an employer desires to have a broker place his insurance for him it is proper for the employer to hire such broker to render him that service and pay for it, just as he would pay for the services of an attorney; but, under a system which has grown up in the insurance field, the insurance carrier pays the broker, and the broker, having secured a client, hawks the business from company to company and places it where he can do best for himself—and he does this with old business as well as with new. Therefore, every insurance carrier must fight to hold its old business as tenaciously as it fights to get new business. This is a very great source of expense to insurance carriers and they have not the courage to shake off the incubus, whereas the state fund, at the outset, declared that it would pay no brokerage, and so its acquisition cost is only a fraction of that of its competitors in the insurance field. If the other insurance carriers do not cut themselves loose from this drag upon their resources it will only be a question of time when the stock companies will have to retire from the compensation field of insurance and the fund will have a monopoly of that field by operation of the natural laws of trade, rather than by compulsory legislation. The remedy is easy to suggest and not very difficult to apply. It would consist merely in a gentlemen's agreement to pay no more commissions for anything except new business and to let one another's existing business severely alone. If this were done, and lived up to, it would save a very important source of overhead cost to the private insurance carriers and would probably enable them to stay in the field in wholesome competition with the state fund. The only reason apparent why this has not been done is that the insurance gentlemen in charge of the insurance companies know each other too well.

It cannot be questioned that the State Compensation Insurance Fund of California has proven a marked success. It has furnished insurance coverage to its patrons for one third less than it has cost those employers who placed their insurance with private insurance companies and yet it has been more liberal than the private companies in its treatment of injured employees. At the same time it has made money hand over fist. Its surplus is invested in municipal, state, and liberty bonds and its underwriting has been prudent and based upon sound insurance principles.

The members of the Industrial Accident Commission of California would not think of taking to themselves any great share of the credit for the result attained. By far the larger share of this credit goes to Mr. C. W. Fellows, the manager of the state fund, and the staff of lieutenants he has gathered about him. However, this adventure in state insurance does not prove that all forms of state insurance are preferable to insurance by private enterprise. There have been state funds that were mismanaged, just as there have been private insurance companies that were mismanaged, and there have been other state funds that were not founded upon sound principles of insuring, and of course bad management and unsound principles can only work for failure, not success.

At the beginning the writer spoke of the beneficence of insurance. Now, in conclusion, he desires to emphasize the fact that the possibilities of insurance for the relief of human hardship have been only partly utilized. The hazards of life, such as sickness, unemployment, industrial injury, premature death, can be guarded against only through insurance. There is no other way under a free society and there are those now living who will live to see the time when the states of this Union, in common with California, will have to make choice between a comprehensive system of social insurance that will insure against the hazards of life from the cradle to the grave or accept socialism or social anarchy in its stead. All these forms of insurance are essentially within the scope of social obligation and we in California think that our "adventure in state insurance" furnishes at least a reasonable hope that if the state shall be called upon to furnish insurance against the other hazards of life at what such insurance is reasonably worth, as well as against those of industrial injury, the state can assume the obligation with confidence in its ability to discharge it.

A. J. PILLSBURY.

Chairman of the Industrial Accident Commission of California.

SUPPRESSION AND NON-WORKING OF PATENTS, WITH SPECIAL REFERENCE TO THE DYE AND CHEMICAL INDUSTRIES

Patentees cannot combine their patents to restrain trade in a patented article; but the United States Supreme Court has clearly recognized the right to suppress patents.¹ This enables the patentee to buy up the patents relating to a particular industry, use any part of them, suppress the remainder, and thus prevent the competition that would otherwise spring up between the owners of the patents. It secures a monopoly of monopolies, and practically confers a patent on the whole industry. The result is exactly the same as that of a combination of patentees, manufacturers or others, to restrain trade.

The purchase and suppression of patents not only promotes monopoly; it also discourages invention and retards industrial progress and hence defeats the purpose of the patent law. This point finds clear expression in a statement of the Inventors' Guild, an association of eminent inventors:

It is a well known fact that modern trade combinations tend strongly toward constancy of processes and products, and by their very nature are opposed to new processes and new products originated by independent inventors, and hence tend to restrain competition in the development and sale of patents and patent rights; and consequently tend to discourage independent inventive thought, to the great detriment of the nation, and with injustice to inventors whom the Constitution especially intended to encourage and protect in their rights.²

It is difficult to find specific evidence with which to prove this practice, as no general intensive investigation of it has ever been made. Nevertheless, a Circuit Court in 1906³ ascertained that the Indiana Manufacturing Company had acquired over 100 patents relating to straw stackers which could not be used conjointly, and hence many of them had been suppressed. The National Harrow Company in 1897 was said to control 85 patents on spring-

¹ *Blount Manufacturing Company v. Yale and Towne Manufacturing Company*, 166 Fed. 555 (1909) and *Continental Paper Bag Company v. Eastern Paper Bag Company*, 210 U. S. 405 (1908) respectively.

² *Revision of Patent Laws*, Report No. 1161, House of Representatives, 62 Cong., p. 3.

³ *Indiana Manufacturing Company v. J. I. Case Threshing Machine Company*, 148 Fed. 21.

tooth harrows, some of them unused.⁴ In the so-called Lock case⁵ the court announced in 1909 that, "It is a fact familiar in commercial history that patent rights have a commercial value for purposes of extinction, that many patents are purchased in order to prevent the competition of new inventions and of new machines already installed." The button-fastener and paper bag cases⁶ present evidence of the suppression of patents. The American Tobacco Company acquired a patent for a tobacco-stemming machine by purchasing a majority of the stock of the Standard Tobacco Stemmer Company. This machine was not manufactured, but the control of the patent by this combination prevented its development and use by competitors.⁷

The suppression of patents was brought out in the recent hearings on bills relating to trust legislation.⁸

Paper patents, patents covering inoperative devices, and dormant patents (that is, patents not used, but applied for and held for the purpose of preventing the manufacture of the devices or improvements therein described) are at the foundation of much of the most injurious monopoly and trade restraint. . . . Again, there are thousands of patents lying dormant, having been acquired by established concerns whose business was threatened by competition.

In 1916 the A. B. Dick Company controlled 128 patents relating to only a few subjects.⁹ Of these patents only 67, about one half, were first issued to A. B. Dick, the others being acquired from other parties. Twenty-four of these patents relate to sheet-feeding apparatus in connection with a duplicating machine. It seems certain that these patents cannot be conjointly used in a single sheet-feeding apparatus, nor is the one the outgrowth or development of the other. They represent different lines of improvement of different basic inventions, all proceeding simultaneously. Three of the patents relate to the feeding of sheets to a duplicating machine from the *top* of the pile, and two, from the *bottom*; the dates of issue of the former are February 2, 1904, July 3, 1906, and May 25, 1915; of the latter, June 19, 1906,

⁴ *National Harrow Company v. Bement*, 21 Appellate Division, N. Y. 290.

⁵ 166 Fed. 560.

⁶ 77 Fed. 288 and 159 Fed. 741, 210 U. S. 405.

⁷ *Report of the Commissioner of Corporations on the Tobacco Industry*, pt. 1, p. 34.

⁸ *Hearings before the Committee on Interstate Commerce, United States Senate*, 63 Cong., V, II, p. 1078.

⁹ This is based on a study of the Dick patents, which may be obtained from the Patent Office.

and August 14, 1906. This shows that the development of the one line of invention did not cease before the other began. All the sheet-feeding apparatus employed in 1916 on the duplicating machines of the A. B. Dick Company fed the sheets of paper to the machine from the *top* of the pile. Prior to that time, it does not seem that the A. B. Dick Company provided its machines with an apparatus to use the Dick patents for feeding sheets from the bottom of the pile. In other words, some of the patents have never been used; and as this company has consistently refrained from using them, it is equivalent to their suppression.

In 1916 twenty-eight patents of the A. B. Dick Company pertained to stencil sheets. These patents cannot be used conjointly in the preparation of stencil paper; they represent different lines of invention, each independent of the other. They cover five methods of forming characters in the stencil sheet, namely, abrasion, pressure, heat, adhesion, and extraction. The dates of issue of the patents relating to abrasion are 1880, 1886, 1890, 1892, and 1914; to pressure, 1888 and 1892; to heat, 1893; to adhesion, 1894 and 1896; and to extraction, 1895. One method did not become obsolete and then another appear; improvement or evolution of the one did not cease before that of another began. They all developed simultaneously, but each distinct from the other. A. B. Dick himself received letters patents for one method only, namely, pressure; all the patents covering the other four methods were issued to other parties, and A. B. Dick obtained control of them. These patents, representing five distinct means of forming characters in a stencil sheet, cannot be, and as a matter of fact were not, conjointly used; only two methods, pressure and abrasion, have been employed by the A. B. Dick Company. The acquisition of the other three methods would seem to have no legitimate justification; instead, it indicates an intention to monopolize all patents relating to the preparation of stencil paper so as to use a part of them and suppress the remainder.

It seems that the strength of other industrial monopolies based largely on patents, likewise arose from this same practice, and, therefore, that the suppression of patents undoubtedly constitutes an evil of our patent system that demands correction. Every great nation except the United States provides for the utilization of a patent or else its revocation. If the patentee does not care to use his invention, he must grant licenses to others or surrender his patent. This country should soon realize the economic necessity of a similar provision in its patent law.

Many foreigners who obtain patents from the United States do not utilize them in this country, but "work" them elsewhere, usually in their own country, from which they have also secured patents of the same subject-matter. In this manner, foreigners have reserved the United States as the exclusive market for their goods—a territorial monopoly, as it were, defined by national boundaries.

The effect of the non-working of patents by foreigners upon the industrial development of the United States varies with respect to the nature of the patented invention and the availability of the patented product. If the invention represents only an improvement, it is quite possible for the manufacturers in this country to bring forth similar but different improvements or intensive inventions of equal or greater efficiency. If the invention is basic or pioneer and highly original, they are at a greater disadvantage. Moreover, this disadvantage may be extended to other industries by withholding from them the patented product upon which their development depends.¹⁰

Every great nation except the United States has taken measures to prevent the exploitation of its patent system in the manner just described. England, the last country to do this, passed the Patent Act of 1907, commonly called the "compulsory working" clause. It stipulates three courses which are open to the choice of the patentee; "to work the invention; to prove that the circumstances are unfavorable to such working; or to surrender his power to prevent others from using the invention."¹¹ The law applies alike to the foreign and home patentees. The effect has been the construction and operation of factories in England by foreigners, by German concerns in particular.

In Germany the patentee must put the invention to commercial use in Germany and must grant licenses on reasonable terms or else be deprived of his patent through cancellation.¹²

American manufacturers, due largely to the laws of foreign nations which require the working of patents, have established factories within their confines. Typewriter companies, for example, the Underwood, Oliver, and Smith Premier, are established in foreign countries.¹³ In 1908, the United Shoe Machinery Com-

¹⁰ *The English Patent System*, by A. F. Ravensheer, pp. 77, 78, and 137; also, see *English Patent System*, by William Martin, p. 29.

¹¹ *The English Patent System*, by A. F. Ravensheer, pp. 82 and 83.

¹² *Ibid.*, pp. 119 and 121.

¹³ See Perry's *Directory of Great Britain and Ireland*, 1917, pp. 1943, 1944, 2603, and 2671.

pany reported to the stockholders that "the foreign companies have largely increased their manufacturing capacity."¹⁴ Also, the International Harvester Company has established factories in foreign countries.

The extent to which United States patents may be suppressed by foreigners is suggested by the large number of patents, both absolutely and relatively, which are granted to foreigners by this country. During 1910 to 1915 the United States granted 21,073 patents to citizens of foreign countries, 11.43 per cent of the total number of patents granted during this period. From 1900 to 1910, the per cent of patents obtained by foreigners to the total was 11.26; 1890 to 1900, 9.86; 1880 to 1890, 6.64; and 1870 to 1880, 4.50. Prior to 1870 the percentages are less and less. From 1915 to 1917, foreigners received only 8.52 per cent of the patents granted by the United States owing to the influence of the war.

About eighty per cent of the foreign patentees are citizens of Canada, England, France, and Germany. During the three periods, 1890 to 1900, 1900 to 1910, and 1910 to 1915, England received 32, 25, and 22 per cent respectively of all patents granted to foreigners by the United States; France received 9, 9, and 8 per cent respectively; and Germany, 25, 30, and 33 per cent respectively.¹⁵

The great increase in the relative number of patents granted to German citizens is to be noted, such patents increasing from 25 per cent of the total in 1890 to 1900, to 33 per cent in 1910 to 1915. The percentage fell to 22 per cent during the years from 1915 to 1917 owing to the war.

The relatively large number of patents granted to foreigners by the United States may be ascribed to the cheapness and convenience of acquiring and maintaining them. The initial patent fee is nominal and there are no yearly charges or fees. Moreover, this country does not require the "working" of patents—a factor of great importance to the foreigner.

Most of the patents granted to foreigners, to Germans especially, relate to only a few subjects, the dye and chemical industries in particular. This fact, together with the non-working of such patents in the United States, largely accounts for the lack

¹⁴ *United Shoe Machinery Corporation, Report of the President to the Annual Meeting of Stockholders, 1908, p. 2.*

¹⁵ *Annual Reports of the Commissioner of Patents to Congress.*

of development of these industries in this country, that is, before the world war. Up to January 1, 1902, 1196 patents known to the Patent Office as "carbon dyes" had been issued, 622 of them during the decade 1891 to 1900. Of these 622 patents, 609 or 97.91 per cent were issued to foreign inventors, the Germans preponderating, and 2.09 per cent to American inventors.

During 1900 the value of the imports of coal-tar colors and dyes was \$4,890,072, of which Germany is credited with \$3,822,162. The country which furnished most of the patentees is the one which furnished most of the imports. During the same year the value of the artificial dyestuffs manufactured in the United States was \$52,648, 1.07 per cent of the aggregate of imports and home product for 1900. It would seem that there is a correlation between this per cent and the per cent of patents relating to this industry issued to American inventors, namely, 2.09.

Up to January 1, 1902, the Patent Office had issued 532 patents relating to "carbon compounds" (chemicals), of which 312 were issued during the decade 1891 to 1900. 281 or 90.1 per cent of these 312 patents were issued to foreign inventors, the Germans predominating, and 9.9 per cent to American inventors.

During 1900, the value of the imports of "chemicals, drugs and dyes, all others (dutiable)" was \$6,530,037, of which Germany was credited with \$3,145,254. Again, it is evident that the country which furnished most of the patentees is the one which furnished most of the imports.

During 1900 the value of fine chemicals made in this country was \$4,206,744. This is 39.18 per cent of the total of imports and home manufacture, while 9.94 per cent of the patents covering chemicals were granted to American inventors.¹⁶ This comparison is subject to slight error as the classifications of chemicals by the Census Bureau and Patent Office do not exactly coincide.

Statistics for more recent years which show the correlation between the distribution of United States patents to citizens of this country and foreign nations, on the one hand, and the relative values of manufactures in the United States and imports into this country, on the other, are not available. It would seem, however, that the correlation continued to exist until the outbreak of the war in 1914.

A recent report of A. Mitchell Palmer, the alien property cus-

¹⁶ *Twelfth Census of the United States, 1900*, vol. X., *Manufactures*, pt. IV, *Special Reports on Selected Industries*, 1902, pp. 759 and 760.

today, indicates the progress and future of the American industry of dyestuffs and medicines. Until August, 1914, it consisted largely of small assembling plants operating on German intermediates and therefore at the mercy of German producers. At the beginning of 1914, German concerns supplied nine tenths of the dyes used in the industries of the United States. Measured in terms of value, Germany manufactured 74 per cent of the world's output of dyes.¹⁷

This situation was due to Germany's encouragement of chemists and their research work, together with the policy of taking out patents in other countries where they were worked very little or not at all. A large proportion of the dye factories of England and France were owned and operated by German dye concerns, which situation was due to the patent laws of these two nations requiring the "working" of patents. On the other hand, the Germans owned practically no dye factories in the United States owing to the absence of a "working clause" in our patent law. During the war France and England took over the German dye factories, but the United States had no such factories to utilize—a situation due to a difference of patent laws.

Since the entry of the United States into the world war, the dye and chemical industries of the United States have received a special impetus. Under the Trading with the Enemy act, administered by A. Mitchell Palmer, licenses based on German patents held in custody in this country have been granted to American manufacturers of dyes and chemicals. Importation of such commodities from Germany and other countries has been greatly reduced.

The Chemical Foundation has recently been formed to acquire the German patents and hold them as a trustee for American industry, to eliminate alien interests which are detrimental, and, in general, to advance the chemical and allied industries in the United States. It is anticipated that nearly every important American manufacturer will be a stockholder in this concern.

A recent ruling of the alien property custodian is to the effect that dyes and chemicals manufactured in Germany during the war will not be received in this country because it would constitute an infringement of the licenses, based on German patents, recently granted to American manufacturers.

It is highly desirable that the foregoing measures, together with others, should be advanced and adopted so as to insure the future

¹⁷ Department of Commerce, Special Agent Series, No. 96, p. 30.

of the infant industries recently developed in the United States, especially the dye and chemical industries.

A very essential step in this direction, as already intimated, is an amendment to the patent laws of the United States requiring the working of patents granted to citizens of foreign countries by the United States. Foreigners taking out patents in this country will then be compelled to put them to use in this country and hence develop the industries to which they relate.

The administration of a "working clause" involves, no doubt, serious difficulties, but the economic desirability of such a provision cannot be questioned in view of the experience of other nations which have such a provision in their patent laws and of the United States which has not—an experience already described in terms of the relative development of the dye and chemical industries in these different countries.

Moreover, the justification of the compulsory working of patents may be found in the spirit of our patent system, namely, to foster inventions, which spirit is diametrically opposed to the non-working or suppression of patents in spite of the fact that inventions so treated may be disclosed in letters patent issued by the Patent Office. The public, in keeping with the philosophy and purpose of the patent law, expects and should demand more than a mere description of the invention in return for the exclusive monopoly granted to the patentee for a period of seventeen years. The most efficient and profitable way in which the people can learn of an invention is by using it or the product which it manufactures.

The expectation that the patentee will use his invention is implied in our infringement laws which protect the legal monopoly of the patentee throughout the entire period during which his monopoly extends. The counterpart of this protection, it would seem, is that the patentee must put his invention to use.

The foregoing proposition will be accepted most readily when considered in connection with patents granted to foreign citizens. It is a contravention of our patent law and an economic injustice to the American manufacturer to allow a foreigner to take out a patent in this country merely for the purpose of reserving the United States as a market for his patented product, which is manufactured abroad exclusively. It means the exclusion of all other would-be inventors and competitors from the industry covered by the patent and at the same time, the building up of the industry in other countries, all to the detriment of the United States.

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AMERICAN MINIMUM WAGE LAWS AT WORK

To the uninitiated student of American standards of living, minimum wage legislation in this country presents a strange anomaly. On the one hand is the continually announced and apparently accepted dictum that for the woman worker a fair wage must be a living wage; that anything less than that constitutes exploitation and parasitism on the part of the industry engaging her; and that to uphold such a living standard among those whose bargaining power is weak, minimum wage laws are universally to be enacted and administered. On the other hand is the inescapable fact that of the fifteen states already having minimum wage laws upon their statute books, only three have in operation any rulings of wide application that the scientific student of minimum standards could term at all adequate. Eight have a series of sub-standard rulings, and the remaining four have none at all.

It will be the task of this paper to set forth some of the reasons for this anomalous state of affairs, to point out the difficulties under which our minimum wage commissions are laboring, and to suggest certain principles of drafting and administration that might bring our practice into closer conformity with our announced theory.

1. *Characteristics of the first minimum wage legislation, Australian and British.* The origin of minimum wage legislation is to be sought not in this country, but in England and Australia. Familiar as this fact is, its significance appears to have escaped popular attention. The first rudimentary organs of minimum wage administration were the District Conciliation Boards of New Zealand, established in 1894 for the compulsory arbitration of labor disputes. Incidental to their general duty of so supervising and directing collective bargaining as to preserve industrial peace, they were given authority to fix minimum wages. The first independent wage-fixing agencies were, however, created two years later in the state of Victoria in Australia. They were called Special Boards, and were at first established experimentally for certain notoriously sweated trades that employed both men and women. These boards were composed of an equal number of employers and employees, with a chairman from outside nominated by both parties. They were given no explicit criterion to go upon in framing their wage awards, but were apparently expected to argue out their difficulties in true collective bargaining style,

under the supervision of the disinterested outsider, their chairman, who was to represent the public interest.

So successful was this system that it was extended to more and more trades, was adopted by other Australian states, and finally, in 1909, by England. The essence of the system is the free discussion of wage standards, by the authorized representatives of both sides, with the aid and criticism of one or more impartial outsiders; the fixing, by this responsible bi-partisan group, of standards that are thereupon compulsory upon all employers in the industry; and the reservation by the government of power to suspend or otherwise mitigate rulings that appear positively unfair or inexpedient. *No definite cost-of-living criterion is set up.* The level of the standards finally fixed will rather depend upon the general temper of the community in which the law is operative and upon the respective bargaining power of the two sides. Thus in Australia, a young and rather radical country, with labor relatively scarce and powerfully organized, the tendency has been for the wages fixed to equal or even exceed the minimum necessary for livelihood; while in England, with its cautious public and overstocked labor market, the tendency, especially in the first years of the law's administration, has been in the opposite direction: the wages fixed, although well in advance of previous rates for the trades concerned, have been as a rule avowedly below the subsistence minimum.

Certain safeguards in the English law itself (Trade Board acts of 1909) have accentuated this difference. In the first place, the provisions of the act could only be extended to other trades than the four originally specified "if they [*i.e.*, the Board of Trade, the general supervisory body that establishes the separate trade board] are satisfied that the rate of wages prevailing in . . . the trade is *exceptionally low*, as compared with that in other employments, and that the *other circumstances of the trade* are such as to render the application of the Act . . . *expedient*."¹ In other words, boards could not be established unless conditions in the trade were worse even than in neighboring trades, and then only if the financial state of the business was sufficiently healthy. Yet in England, prior to the war, wages in all the great woman-employ-

¹ British Trade Boards act, 1909, sec. 1 (2) (*italics mine*). This statute and almost all the succeeding ones quoted in this article may be found in *Oregon Minimum Wage Brief*, by Felix Frankfurter and Josephine Goldmark, pp. 1-76. The individual notation of the American laws has therefore been omitted.

ing industries were notoriously low; while the industries that were submerged even beneath this level were extremely apt to be in a declining condition financially. This clause in the law is therefore very interesting as showing that business considerations were explicitly given priority over humanitarian.

In the Victorian statute, on the other hand, these two sets of considerations were, in the last resort, apparently to be considered as parallel and non-interfering—an interesting comment upon the general level of wages apparently contemplated by the Victorian draftsmen. The Court of Industrial Appeals (the final reference tribunal for the separate boards) is to consider, in its review of any ruling, “whether the determination appealed against *has had or may have the effect of prejudicing the progress, maintenance of, or scope of employment in the trade . . . affected; and . . . [if so] . . . the court shall make such alterations as in its opinion may be necessary to remove or prevent such effect and at the same time to secure a living wage to the employees.*”²

Another new safeguard introduced in the English law was the prolongation of the period of initial delay before any ruling could go into effect, together with elaborate provisions for indefinite suspension by the Board of Trade afterwards in case the ruling appeared to them “premature or otherwise undesirable.”³

So much for the negative features of the English law. On the positive side, we find a centralization of supervisory power in one permanent government body, the Board of Trade, and the giving of great flexibility to the possible scope of the wage rulings themselves: “Those rates may be fixed so as to apply universally to the trade, or so as to apply to any process . . . or to any special class of workers . . . or to any special area.”⁴

Both England and Australia make special provision, by individual permit, for infirm workers to receive less than the established minimum.

2. *Growth of American legislation: the Massachusetts and Oregon principles contrasted.* Such was the status of minimum wage legislation when it was first seriously considered by this country in 1911. In that year the Massachusetts legislature passed a resolve requesting the governor to appoint an investigating commission “to study the matter of wages of women and minors, and

² Factories and Shops act, 1912, sec. 175 (italics mine).

³ Sec. 3 (2).

⁴ Sec. 4 (1).

to report on the advisability of establishing . . . [wage] boards. . . ."⁵ This Commission on Minimum Wage Boards submitted an excellent report together with the draft of a bill which, with certain important modifications, was thereupon enacted into law.

In its original form this Massachusetts bill followed the British and Australian system as closely as American constitutional limitations permitted; but these limitations were of the greatest importance.

1) The American law could apply only to women and minors, since if it were extended to men it would most certainly be held by the courts to run counter to the "freedom of contract" clause of the fourteenth amendment.

2) The American law must beware of delegating legislative functions to an administrative agency. It must therefore clearly define: (a) the conditions under which an industry should fall within the scope of the wage commission at all; (b) the criteria upon which wage awards were to be rendered; (c) the exact relation of board to commission. Since the commission was the permanent supervisory body, the only safe course was, obviously, to centralize all ultimate responsibility in its hands.

The essential features of the Massachusetts bill were accordingly as follows: (1) It provided for a permanent appointive commission, with power: (a) "to inquire into the wages paid to the female employees in *any* occupation in the Commonwealth if the commission has reason to believe that the wages paid to a substantial number of such employees are *inadequate to supply the necessary cost of living and to maintain the worker in health*";⁶ (b) thereupon to "establish a wage board consisting of *not less than six* representatives of employers in the occupation in question, of an equal number of representatives of the female employees, . . . and of *one or more* disinterested persons . . . to represent the public . . .";⁷ and (c) upon the receipt of a report from the board to "approve any or all of the determinations recommended . . . or (to) recommit the subject to the same or to a new wage board."⁸ Once approved, the rates were to be rendered obligatory, after due notice and public hearing, by a formal order of the commission effective in sixty days. Violation of the order constituted

⁵ *Resolves of 1911*, ch. 71.

⁶ Sec. 3 (*italics mine*).

⁷ Sec. 4.

⁸ Sec. 6.

a misdemeanor punishable by fine and imprisonment. (2) The basis of wage determination by the boards was made explicitly the double one of cost-of-living plus financial-condition-of-the-business, with the business considerations evidently taking the priority: "Each Wage Board shall take into consideration the *needs of the employees*, the financial condition of the occupation and the probable effect thereon of any increase in the minimum wage paid, and shall endeavor to determine the minimum wage . . . suitable for a female of ordinary ability. . . ."⁹ Apparently it was presupposed that the "suitable" wage finally reached would commonly be below the actual cost of subsistence. Such a view is borne out by the cautious words of the investigating commission's report: "It is the opinion of this commission . . . that in all these industries the wage scale *will stand* a readjustment of rates that will raise the lowest wages to *something nearer* the living wage. . . ."¹⁰

Even so careful a statute was, however, unable to run the gauntlet of the Massachusetts legislature. Before its final passage the bill was shorn of its most vital portion, the section on enforcement. The "orders" of the commission were changed to mere "recommendations," and the penalty of fine and imprisonment to mere adverse publicity. The recalcitrant employer in Massachusetts is now faced with nothing worse than the publication of his name in certain newspapers; and even this penalty he can avoid if he can prove before a court that "compliance with the recommendations of the commission would render it impossible for him to conduct his business *at a reasonable profit*."¹¹ Profits, in other words, are avowedly made a "first charge" upon the business.

The weaknesses of this earliest of American minimum wage laws may accordingly be summed up as follows, under the three heads of principle of wage determination, character of wage-fixing agency, and method of enforcement.

a. *Principle of wage determination.* Women (normal, experienced, adult women) shall receive wages just high enough to keep

⁹ Sec. 5 (italics mine). It was hoped that the weight given the employer's interests would avoid collision with the "due process" clause of the fourteenth amendment.

¹⁰ *Report of Massachusetts Commission on Minimum Wage Boards*, p. 24 (italics mine).

¹¹ Sec. 6 (italics mine). As a matter of fact, the commission has not found it worth while to publish such a black-list; instead it occasionally publishes white-lists of such employers as do comply!

them alive and physically well, *provided* their doing so does not threaten to interfere either with the general financial prosperity of the trade or with the "reasonable profits" of an individual employer.

b. The *agency* for the immediate carrying out of these principles is a large mixed board of employers and employees, with in no case more than one fifth of the total membership representing the disinterested public.

c. The sole *means of enforcement* is in the indirect pressure of public opinion. Boards and commission therefore know beforehand that any ruling that threatens to prove burdensome to the individual employer can safely be disobeyed, that anything approaching drastic action will tend to defeat its own ends.

In view of all these limitations it is surprising to find how much has been accomplished in Massachusetts. The mere focusing of attention upon the problem of wages and livelihood appears to have sufficed materially to raise the wages in many submerged trades. The usual process is for the board to thresh out what they agree to be a minimum subsistence budget, and then to see how close they think they can come to that without infringing upon the "financial condition of the business" or (what amounts to the same thing) without incurring wholesale violation of their decree. Usually the wage finally agreed upon lags about a dollar behind the original budget;¹² while this in turn has usually omit-

12 MASSACHUSETTS BUDGETS AND WAGE DECREES TO JULY 1, 1919¹

Board	Budget total	Date of budget	Decree	Date when effective
Brush	\$8.71	Jan., 1914	15½c. hr.	Aug. 15, 1914
Candy	8.75	Summer, 1914	(no decree)	
Laundry	8.77	Winter, 1915	\$8.00	Sept. 1, 1915
Retail stores.....	(no exact budget)		8.50	Jan. 1, 1916
Women's clothing.	8.98	Spring, 1916	8.75	Feb. 1, 1917
Men's clothing	10.00	Spring, 1917	9.00	Jan. 1, 1918
Men's furnishings.	10.45	Summer, 1917	9.00	Feb. 1, 1918
Muslin underwear.	9.65	Winter, 1918	9.00	Aug. 1, 1918
Retail millinery...	11.64	Spring, 1918	10.00	Aug. 1, 1918
Office cleaners	11.54	Spring, 1918	30c. hr. night work 26c. hr. day work	Mar. 1, 1919
Wholesale millinery	12.50	Fall, 1918	\$11.00	Jan. 1, 1919
Candy	12.50	June 5, 1919	12.50	Jan. 1, 1920
Canning	11.00	June 24, 1919	11.00	Sept. 1, 1919

¹ From *Sixth Annual Report of Massachusetts Minimum Wage Commission*, appendices 3 and 4; and *Monthly Labor Review*, April and August, 1919.

ted or cut down below the subsistence level a good many necessary items: even so, the minimum is usually a distinct advance over previous rates. Thus in the brush industry, the first to be investigated, the original budget came to \$8.71; the legal "suitable" rate was established at 15½ cents an hour, which allowed the average worker to earn about \$7.00,¹³ but previous average earnings had been below \$6.00. The percentage of violations at the end of the first year was gratifyingly low, and has been reported to be decreasing since.¹⁴

The example of Massachusetts so encouraged progressive groups in various parts of the Union that in the following year eight other states passed minimum wage laws. Of these by far the most important is Oregon's. It has served as a model for the bulk of our subsequent legislation, and may fairly be contrasted with the original Massachusetts statute as showing the growing definiteness and articulateness of the living wage idea.

The Oregon law provides for a central administrative commission and subsidiary boards appointed by it after the Massachusetts fashion, working through the orthodox machinery of public hearings and private investigations and conferences; but this machinery is to be used for strictly living wage ends. Section 1 reads: "*It shall be unlawful to employ women in any occupation . . . for wages which are inadequate to supply the necessary cost of living and to maintain them in health; and it shall be unlawful to employ minors . . . for unreasonably low wages.*"¹⁵ Boards and commissions alike are given no other criterion of wage fixing than this simple and explicit one of the "necessary cost of living." No mention is made anywhere of suitability, expediency, or the financial condition of the industry; instead, in every paragraph the cost-of-living basis is repeated in identical words.

¹³ This rate was based on the supposition of a 54-hour week, which would here have given the worker \$8.37. However, the industry was notorious for its prevalence of short-time work.

¹⁴ It has averaged only about 1 per cent of the employees covered. (*Report of the Minimum Wage Commission, 1915 and 1917*, pp. 14-15 and 32). However, other determinations of the commission have not been so well received. Thus the great majority of laundry employers refused, illegally but successfully (1915-1917), even to allow the commission to examine their payrolls to see what their degree of compliance was (1915 *Report*, p. 15; 1917 *Report*, p. 35); while within the women's clothing industry, the commission reports (1917 *Report*, p. 36), "Complete compliance was found . . . in only about half of the custom dressmaking establishments."

¹⁵ Italics mine.

Once the recommendations of a board have been approved by the commission, they are issued as obligatory orders, binding within sixty days upon every employer in the industry, regardless of his difficulties in meeting them; disobedience is punishable by heavy fine and imprisonment. Moreover, the personnel of the subsidiary boards (here called conferences) is so arranged that impartial decisions are more easily rendered: the whole board is smaller, the representatives of the public have a larger share of the membership, and every board has at least one member of the central commission sitting officially on it.¹⁶ In all these ways the double-standard, collective bargaining, idea—the official balancing of opposing interests—would seem to have given way before that of the living wage pure and simple.

It may well be asked, What could have caused so radical a change in legal principle in one short year? The answer is probably twofold. On the one hand, Oregon is a western state, with more radical views in regard to industry, a relatively small number of women employees, and a radical method of legislation—the minimum wage was an initiative measure. On the other hand, Oregon had the advantage of being the second state to pass such a law: she already had the solid precedent of Massachusetts to go upon; and, since American constitutionalism required the wage-fixing basis to be quite definite in any case, it became relatively easy for the Oregon advocates to insist upon sloughing off the “double-faced” and apparently mercenary elements of the older law.

Of the thirteen statutes that have followed Massachusetts and Oregon, nine may be said roughly to copy the Oregon model, one the Massachusetts model, while three have to be put into a separate category as flat-rate laws.¹⁷

¹⁶ “Such conference shall be composed of not more than three representatives of the employers in said occupation, of an equal number of . . . employees . . . and of not more than three disinterested persons representing the public and of one or more commissioners” (sec. 8).

¹⁷ Chronologically the laws run as follows:

1912—Massachusetts.

1913—California, Colorado (on the Massachusetts model, now obsolete), Minnesota, Nebraska, Oregon, Utah, Washington, Wisconsin.

1915—Arkansas, Kansas.

1917—Arizona, Colorado (new law, on the Oregon model).

1918—District of Columbia.

1919—North Dakota, Texas.

The gap in legislation that occurred during 1915-1917 was due to long-drawn

3. *Flat-rate laws.* The flat-rate laws differ from both the earlier models in that they operate, not through commissions, but through direct fiat of the statute itself. The different rates for experienced adults, learners, and minors are set once and for all in the body of the law, and apply uniformly throughout the state to all industries specified. The advantages of flat-rate legislation are that it (1) avoids the constitutional difficulty of delegation of powers and (2) is extremely simple and cheap to administer. Its overwhelming disadvantage is of course its lack of flexibility.

The simplest and most inflexible of our flat-rate laws is that of Arizona (1917). It covers all manufacturing, mercantile, hotel, restaurant, and office occupations; and sets for them one simple statewide minimum of \$10 for all females, of whatever age or experience.

Somewhat more discriminating is the Utah statute of 1913. It applies to all females in all lines of industry, but sets lower rates for minors and learners than for experienced adults. The adult rate is \$7.50 per 54-hour week. These rates were set in 1913 at the passage of the original act and have never been changed since. This is not surprising, since it would take a statutory amendment to do so.

The Arkansas law (1915) at first glance looks like a genuine hybrid between the flat-rate and the commission principle. It sets the same series of statewide rates as Utah, culminating in the same \$7.50 for experienced women, but it establishes at the same time a minimum wage commission of the usual type, under the chairmanship of the Commissioner of Labor, to revise the rate by localities or trades whenever it may appear either too high or too low. On the face of it, this would seem a good compromise, combining the advantages of a universal basic rate with those of periodic local adjustment. In practice, however, the periodic adjustment has never taken place: the commission feature of the law has remained entirely unutilized. In consequence, when, in August, 1918, the National War Labor Board was called in to consider the case of the laundry industry in Little Rock,¹⁸ it found the operatives still receiving their 1915 minimum of \$7.50 per 54-hour week, and promptly raised the scale some 40 per cent, to

litigation in the Oregon case. The law was finally upheld by a divided opinion of the Supreme Court—Justice Brandeis, as previous counsel for the defense, not voting.

¹⁸ National War Labor Board, Docket No. 233.

\$11—an interesting example of the wartime supersession of state by federal agencies.

4. *Commission law on the Massachusetts model.* Nebraska's is the only statute that today still directly follows Massachusetts in its two characteristic features. It has copied verbatim the earlier law's explicit consideration of the "financial condition of the industry," and has adopted in mitigated form its non-compulsory provisions.¹⁹ However, although passed in 1919, this law has never gone into operation.²⁰ Now that the constitutionality of the more radical type has been upheld in the Oregon case, there seems little likelihood that any other state will recur to the older model.

5. *Commission laws on the Oregon model.* Of the nine laws that, following Oregon, have both enforceable decrees and an unequivocal cost-of-living basis, three have been rendered inoperative for longer or shorter periods of time by litigation connected with the Oregon case, while a fourth has as yet been inactive (according to the commission) because of war conditions.

The new Colorado commission (1917) states that, owing to the war, . . . "there was no cause for complaint from the classes affected by the Act, and consequently this Commission has had

¹⁹ It provides no other penalty save newspaper publicity. However, the publicity is at least made mandatory, not optional with the commission, and the employer seeking exemption from it would have to prove to the court that compliance would endanger not merely his profits but "the prosperity of the business."

The Nebraska law also copies Massachusetts in a less important objectionable feature, namely the requirement of a two thirds majority for all decisions of wage boards. In Massachusetts this has operated as a direct incentive to obstinacy on the part of the employers, since employees and public, even though combined unanimously, could never outvote them. (See, e.g., the account of the disagreement of the Office Cleaner's Board, 1918, in the *Monthly Labor Review*, Apr., 1919, p. 187.) In Nebraska the provision would, however, be mitigated in practice by the companion provision that each board must have on its membership as representatives of the public the entire body of commissioners (four).

²⁰ In explanation of their failure to put any minimum wage into operation, the Nebraska commission state that no complaints were made: "Since the adoption of the law in 1918, no complaint has been filed with the Commission, and therefore no meeting of the Commission has ever been held. . . . There had been more or less agitation before this Commission was created in 1913, and during the session of legislatures since, but there seem to have been no reports of any kind made" (letter to the Secretary of the American Association for Labor Legislation, July 22, 1919).

very little . . . to do thereunder."²¹ As a matter of fact, however, this inactivity may well have been due, at least in part, to a more absorbing interest in matters outside the minimum wage. The commission here is a general State Industrial Commission, with many duties.

The Wisconsin law (1913) also gave the wage-fixing power into the hands of its general Industrial Commission. During 1914-1917, writes their secretary, "this commission believed that little could be gained by establishing a minimum wage scale which would immediately be tied up by an injunction," while for some time thereafter they were hampered by lack of funds.²² However, now (since August 1, 1919) they have established a state-wide minimum for experienced women and minors over seventeen in all occupations of 22 cents per hour (or \$12.10 per 55-hour week).

The Kansas law gives the power of fixing wages into the hands, neither of a minimum wage commission pure and simple nor of a general industrial commission, but of a so-called Industrial Welfare Commission created for the purpose of setting standard hours and conditions of work as well as wages. In this respect it follows Oregon²³ and the other two coast states yet to be cited.²⁴

Established as it was in 1915 after the beginning of the Oregon litigation, the Kansas commission has only been operative since March, 1918. The Minnesota commission, established two years earlier, had the advantage of a year's enforcement of its rulings before the opening of the Oregon case, and has just revived those rulings now. Both commissions have evidently suffered from the cooling-off process incident to so long a delay: they declare themselves unable to adjust the recently legitimized rates to present prices.

"Our first minimum wage went into effect on March 18 of this year (1918)," writes a representative of the Kansas commission.²⁵ "We consider that . . . [it] is very low. [Their rate for experienced women in stores and laundries is only \$8.50, although for

²¹ *Second Report, Colorado Industrial Commission*, pp. 127-8.

²² Letter to the writer, Dec. 12, 1918.

²³ It did not seem necessary while dealing with the Oregon law to point out this additional administrative distinction, since it in no way affects the essential nature of the wage award.

²⁴ The Washington commission does not have power to fix hours, only wages and working conditions.

²⁵ Letter to the writer, October 31, 1918 (*italics mine*).

factories it has more recently been raised to \$11.] However, it was as much as the employers on our Board would concede." A representative of the Minnesota commission adds:²⁶

The Commission was reappointed on April 1st of this year (1918) [the Minnesota law had finally been declared constitutional three weeks before], and it decided to enforce the wage orders already issued . . . based on the cost of living in normal times in order that the law might go into effect at once. [These rates provided a maximum of \$9.00 for experienced workers in first class cities.] If wage rates were to be altered the Commission would have had to make an exhaustive study into the cost of living covering the entire state *because our Attorney General has ruled that wage rates must be state-wide in their effect when established*. This would have meant a delay of at least six months in the enforcement of the law.

Two other commission laws, those of Texas and North Dakota, have been enacted only this year (1919), so that no rulings have as yet been issued under them. The Texas law provides for an industrial welfare commission headed by the chief of the bureau of labor statistics, while the North Dakota law, in unique fashion, gives the power of fixing wages, hours, and working conditions into the hands of its state workmer's compensation bureau.

The four remaining commission statutes of a compulsory character have all been enforced from the beginning²⁷ and have resulted in the four highest sets of rates yet attempted. They belong to the three Pacific coast states (1913) and the District of Columbia (1918). The Pacific states have industrial welfare commissions, while the District of Columbia has a regular minimum wage commission. The language and substantive features of all four are, however, practically identical, the Oregon law having served as a model for the rest.

All four sets of rulings are now based on a 48-hour week. For this, Oregon and Washington fix \$13.20 as the minimum wage; California, \$13.50; and the District of Columbia, for the two trades with which it has so far dealt—printing and publishing and mercantile—no less than \$15.50 and \$16.50. All these rates have been either newly set or revised within the past year. (The oldest,

²⁶ Letter to the writer, Nov. 9, 1918 (*italics mine*).

²⁷ Strictly speaking, the California law did not really get under way until after the Oregon decision. During 1914-1915 the commission confined itself to a thorough investigation of wages and cost of living, and in 1916 issued but one order, that on canneries. As soon as the Oregon decision was rendered, however, in April, 1917, the commission sprang into full activity.

Washington's, dates only to November, 1918, while Oregon's did not become effective until October 14, 1918.) The three Pacific coast rates, like that of Wisconsin, are most noteworthy in that, for the first time, they apply uniformly to all trades covered by the law.

Two sets of factors aside from the drafting of the laws themselves, may have contributed to make these four recent sets of rates so high: in the Pacific coast states, a greater readiness to "give women a chance," coupled with a lesser degree of overcrowding in the female labor market; in the District of Columbia, the immediate proximity of the United States Bureau of Labor Statistics, with its wealth of scientific material *plus personal explanation* at the immediate service of boards and commission. However, what is perhaps still more important, all these states have had close contact between commission and local wage board. In California the executive officer of the commission acted as chairman of the recent boards, while in the record-breaking District of Columbia decision, all three members of the commission have actually thus participated.

6. *Definitions of the living wage.* The variation in wording of the living-wage definitions in all the various statutes we have seen passing in review does not, so far at least, seem to have had any direct effect upon the character of the decisions rendered. They run all the way from Kansas' "adequate for maintenance" and "to supply the necessary cost of living" to Minnesota's "sufficient to maintain the worker in health and supply . . . [her] with the necessary comforts and conditions of reasonable life" and Wisconsin's "sufficient . . . [for] . . . welfare"—"welfare" being further defined as "reasonable comfort, reasonable physical well-being, decency, and moral well-being." Almost all the statutes, following the Oregon and Massachusetts precedent, refer to health ("to maintain in good health"), and many add a reference to moral protection or to general welfare or both.

7. *The role of the advisory boards.* Another variation in the wording of the statutes, that does not seem so far to have had any marked effect upon their operation, is the variation in the role assigned the subsidiary wage boards. In some states their appointment is mandatory, in others optional with the central commission.²⁸ In practice, however, with one exception (Minne-

²⁸ The new (1919) Texas law alone makes no provision for the calling of such boards.

sota) all the commissions that are actually operative have chosen to do their work through boards.²⁹

This may seem rather surprising, since the presence of the boards necessarily complicates and delays every decision. It means a larger, more partisan and less well-informed group of people discussing each issue. However, it also means a group that is closer to the public confidence. The board members are themselves direct representatives of employers and employees, and in educating each other in methods of straight thinking on the wage problem they are at the same time helping to gain that general goodwill without which so new and tentative a type of rulings could not finally succeed.

Moreover, as a purely practical question of time, the overburdened volunteer³⁰ commissioner in a large industrial state could not afford to go exhaustively into the technical problems of each trade and then sit through a long series of hearings on each. The local board members³¹ can divide up this responsibility and pool their information at the end.

Granted, then, that it has proved desirable to retain the services of the advisory boards, the second question arises, What is (or should be) the limitation of their power as over against that of the commission? Once their advice is sought, may it be disregarded? Here interpretations differ. All the states allow the commission to reject a report and resubmit the subject to the same or a new board;³² but the real question is, May they themselves alter the recommendations without resubmittal?

Certain statutes, such as those of Oregon, Washington, and Kansas, have been interpreted unequivocally to forbid this, and the commissions chafe under the strain. A representative from Kansas writes: "We believe that the Boards are very, very helpful indeed, but—that after the public hearing the Commission

²⁹ The states in which the appointment of boards is mandatory are Massachusetts, Kansas, Nebraska, and Wisconsin.

³⁰ In most states the members of the commission are wholly unpaid. In Massachusetts and California alone do they receive a \$10 *per diem*. Wisconsin, Colorado, and Utah have general industrial commissions with salaried officers, but their minimum wage work is incidental.

³¹ Board members are ordinarily paid a very small *per diem*, usually the same rate as jurors, though in some states they receive nothing at all. Only California pays as much as \$5. Even these small amounts, however, form a serious drain upon the all too scanty funds of the commissions.

³² And all but Minnesota allow them thus to resubmit any part of the subject.

should be able to make such modifications as it thinks necessary and issue the ruling then as final."³³ On the other hand, certain other statutes, notably that of California,³⁴ plainly leave the alternative of commission action open.

In California, consequently, the commission has taken very useful advantage of its privilege: thus, when the mercantile and laundry boards of 1917 failed to come to an agreement, the commission merely made note of the two conflicting sets of budgets and proceeded to establish a final rate of its own.³⁵ Surely this is preferable to the Kansas and Massachusetts system.

8. *The composition of the advisory boards.* In dealing with Massachusetts and Oregon we have already referred to the effect of variations in the size and personnel of advisory bodies. Obviously, the larger the board, the greater will be its tendency towards debate rather than scientific analysis. Similarly, the larger the number of partisans as compared to the number of representatives of the public, the less likely is the scientific view to get a hearing. And, finally, the wider the separation of the board from the sources of information accessible to the permanent commission, the less likely is the scientific view even to be understood. The most efficient board is therefore unquestionably one in which the total membership is small, the public being represented equally with the other two sides, and on which in addition at least one member of the central commission sits permanently.

This last requirement is fulfilled in Oregon, Washington, California, and the District of Columbia, the four states as pointed out above whose boards have so far promulgated the highest rates. In Massachusetts the practice of the commission has been to appoint as one representative of the public the permanent paid secretary of the commission, who is known as "the executive officer of the board," and appears to be invested with a good deal more dignity than he is in most states. This may help to account for the relatively good rulings that the Massachusetts boards have issued. Certainly they appear to have been better informed than many

³³ Letter to the writer, Oct. 31, 1918.

³⁴ The California statute reads: "... the recommendation of such wage board shall be made a matter of record for the use of the commission" . . . ; and then: "*The commission shall have further power after a public hearing had upon its own motion or upon petition to fix . . . a minimum wage to be paid to women and minors. . .*" (secs. 5 and 6, italics mine).

³⁵ See *Third Biennial Report I. W. C. of California*, pp. 24ff. In both cases this final rate approximated that of the employees.

of our statutorily more fortunate bodies. In the nature of the case, the secretary of a commission is an excellent person to represent the scientific point of view to the other members of an advisory board. He is the one salaried expert who gives his full time to the work of the commission, and should of necessity be more familiar than any one else with all its sources of information. His effectiveness is, of course, further enhanced when he holds full voting membership in both bodies. This has been the fortunate practice of California, where the "woman's representative" on the commission, who acts also as its "executive officer," serves as chairman of each wage board. However, California has the weakness of providing for no other representatives of the public.

9. *Practical difficulties in wage setting: the problem of an adequate original wage.* When it comes actually to fixing a "living wage," American boards are confronted with a whole series of difficulties. In the first place, whatever may be said in the language of the statute itself, every board member knows that in practice the representatives of the employers and all who sympathize with them are bound to take the condition of the industry itself into consideration. What else, indeed, are they there for? If the object of the law were merely to establish an abstractly scientific standard of living for each employee, regardless of its reaction upon conditions of employment and trade in general, why work through representative boards at all? Why not merely have a central executive commission or, better still, a single paid expert whose duty it would be to adjust well established family standards (such as those issued by the United States Bureau of Labor Statistics) to local conditions and the needs of the single woman, revising these standards at appropriate intervals as the cost of living went up or down? In practice every one knows that minimum wage legislation is as yet in a tentative stage, that public opinion is by no means "solid" behind it, and that the work of conciliating and bringing into coöperative relations the members of all parties represented on a board is still by no means the least of its functions. The unequivocal language of our statutes, in other words, is to be regarded rather as a guidepost for further progress than as an index of present achievement, and the most that forward-looking members of boards and commissions can do is to keep its prospect fresh in the eyes of their colleagues. The great majority of representatives of the public at present tend inevitably to side with the employers so far as taking a vivid interest in the financial

welfare of the business goes. Thus questions of interstate rivalry are always favorite topics of discussion—Will such and such a rate put the manufacturers of state *A* at a disadvantage with state *B*? Very few are the representatives of the public who will not give at least some weight to such considerations.

In the second place, the representatives of the employees are seldom of a calibre at all comparable to that of the other two groups. They are themselves, as a rule, working women unaccustomed to mathematical reasoning and unable to express, in a careful and convincing manner, even the facts they have clearly in mind. Knowing beforehand that something in the nature of a struggle is about to take place, they are all too apt either to capitulate prematurely or else to resort to mere sentimental appeals that lose them public confidence. Above all, they are in very many cases unable to plead all the facts they know with even the vigor and skill of which they are capable, because they are afraid of the ill will of their employers. All our laws, to be sure, insert severe penalties for any such discrimination on the part of employers against workers who testify; but indirect discrimination is difficult to trace, and the habit of a self-subordinating frame of mind is not easy to overcome.

Finally, all three groups (the employees of course especially) are apt to be woefully untrained in the handling of budget material: frequently it is difficult for them to grasp the very concept of an average. When it comes to drawing up a supposedly accurate schedule of necessary expenditures, therefore, the chances are a hundred to one that the major items will be listed in their most favorable (*i.e.*, least expensive) light, while many very important minor items will be overlooked entirely. Employees are quite as ready as employers to omit all such items from their calculations—with the result that the budgets to which they agree are commonly several very important dollars short.³⁶

The following quotations from representatives of minimum wage commissions may help to illustrate some of the foregoing points.

³⁶ Thus questions of average medical attention, of average time lost through illness or unavoidable industrial lay-off, of recreation, gifts, insurance, dues, charity, reading matter, vacation, legal holidays, house-moving, postage, toilet supplies, railroad and carfare, extra food, etc., are tremendously skimmed. The common practice is to lump a great many of them together under the catch-all "miscellaneous," with the resultant total often smaller than even one or two of its component parts would be if taken alone.

a. The bargaining character of boards; weight given to financial considerations:

The award of \$13.20 was really a compromise between the employers and employees who served on the conference, the former having recommended \$12 and the latter \$15 (Washington).²⁷

Evidence is taken at each of the conferences on what the cost of living really is, but, so far, no attempt has been made to verify or sift or tabulate. . . . In the . . . conference the employers fought hard, and the employees were obstinate, so the result was really obtained by bargaining. . . . They (the employers of another conference) suggested that \$11 was a fair minimum . . . and the employees threw down their defiance in the shape of a claim that \$15 was necessary. . . . When a compromise was suggested in the shape of \$13.50, nobody offered the least objection . . . (British Columbia).²⁸

The function of the commission in these debates is well summed up by the Washington representative:

In the final session with only members of the board present, the wage question is always a struggle for a decent living by the employee and a struggle to keep down "overhead cost" by the employer, and when it gets to the "bargaining" point (which it always has), the Commission should insist on the text and spirit of the law that the "cost of living" is the basis on which to decide the wage.

b. Weakness in bargaining power of the employees:

We consider that our minimum wage (\$8.50) is very low. However, it was as much as the employers on our Board would concede (Kansas).

Our experience (in 1913-1914) was not satisfactory. We found the employers represented their class too well, and they tried to get the minimum as low as possible, with no reference to the cost of living. The rates finally adopted ranged from \$8 to \$9. The employees were lacking in initiative because of their fear of the employers. One might be able to get better representatives of employees in those communities where women are better organized. The idea of getting men employees to represent women employees might be worth trying . . . (Minnesota).

10. *The time element: difficulties in revising rates.* One of the discouraging things about minimum rate making is that, during a period of rapidly changing prices such as we have had ever since our first American wage laws went into effect, it takes a very short time for a rate to become antiquated.²⁹ When that happens it is

²⁷ Letter to the writer, Nov. 19, 1918.

²⁸ Letter to the writer, Dec., 1918.

²⁹ Take as an extreme case the calendar year 1917, during which the average (countrywide) increase in living costs was some 25 per cent. By the end of the year a \$10 wage would have been worth only \$8.

difficult to get the commission to act—to start afresh on the weary round of investigations and hearings and orders. The more thorough the original investigation has been, the more will it necessarily have cost in time and money, and the less funds and energy will there now be in the hands of the commission to repeat the process or any part of it. On the other hand, if the original survey has been cursory, or even if it has been painstaking but inexact, any revision based in the main on those previous findings will incorporate the errors of the old.

Of these two difficulties, Minnesota furnishes a good example of the first, Oregon of the second. In Minnesota the old 1913-1914 rates of \$8-\$9 have recently been reissued by the commission, not because any one supposes that a woman can today live on them, but because the complete new statewide survey which the commission considers necessary would take so long to finish that it seemed better to have the old rates as a stop-gap meanwhile. In Oregon the 1918 rates were based exclusively on the rise in living costs since the adoption of the 1915-1916 rates; when, as a matter of fact, the 1915-1916 rates, themselves a revision of the 1913-1914 ones, had been markedly inadequate.⁴⁰ By 1919 the lag became so apparent that in August a fresh statewide minimum of \$13.20 was enacted.

In distress over the 1918 situation of continuous inadequacy and upheaval, a representative of the Oregon commission wrote:

There is too much of a tendency to fix the minimum . . . at a bare existence. . . . If we could work out a scientific wage basis and give the Industrial Welfare Commission power to advance that minimum each time the cost of living made a perceptible advance, a lot of the machinery which now must be used would be unnecessary.

To believers in the advantages of representative wage board administration, the concluding suggestion would seem but a counsel of despair. A more hopeful possibility, in the opinion of the writer, would be to give the commission limited power of revision in accordance with the terms of an order, say for a year after the

⁴⁰ So far back as 1913 the social survey committee of the Oregon Consumer's League, in a study which was at least more accurate than anything that has succeeded it in the state, had set about \$10 a week as a minimum living wage. Yet in 1915-1916 the rates agreed to ranged to only from \$8.56 to \$9.25. Applying (quite fairly and scientifically) the 34 per cent increase which the figures of the United States Bureau of Labor Statistics and other government agencies showed at the beginning of 1918, to these low rates, the resultant \$11.10-11.61 still fell far short of a full living minimum.

order went into effect, at the end of which time the usual conference machinery would have to be resorted to. More important than such a step, however, would be the establishment for the benefit of all our commissions of a thoroughly reliable clearing-house to formulate the basic standards themselves. An elaborate federal agency such as our Bureau of Labor Statistics is of course eminently fitted for such a task. It would be perfectly feasible for them to issue a series of detailed and authoritative standards for self-supporting women, on a strictly commodity basis, as they are at present engaged in doing for families for the various large regional zones in the country that have sharply differentiated costs and customs. These general standards the bureau would of course revise periodically in accordance with the cost of living, so that all that would remain for the state boards and commissions would be to make those purely local adjustments for which they appear to be peculiarly fitted. Even if popular pressure and the exigency of business conditions did drive a given rate temporarily well below the established commodity minimum, it would be with the immense advantage of leaving the basic facts in the case undisguised and undisputed, and the natural burden of proof weighing against the continuance of the objectionable practice.

Pending such a series of federal surveys, much could be done by local commissions in comparing, adapting, and perfecting each other's best standards, and in applying locally all the government figures that do appear. The commission secretaries, if adequately paid and endued with double membership on board and commission as has been previously suggested, could take the lead in this work of standardization and education.

11. *The growing scope of wage awards.* Within the past six months a most remarkable and hopeful development has taken place in the direction of standardization of rates—a standardization within states and between neighboring states as well. Whereas formerly awards have always been made separately for separate trades (and often for different sections of the state), in the latter half of 1919 Wisconsin, California, and Oregon have followed the example (then unique) set by Washington a year ago, in establishing uniform rates for all industries throughout the state. In the case of the Pacific group, moreover, these rates are practically identical for all three states—\$13.20 and \$13.50 per 48-hour week. For learners, California and Oregon retain trade dis-

tinctions,⁴¹ but for experienced adults the rates all read alike. The significance of this new departure can scarcely be overemphasized. It, more than anything else we have hitherto had to record, marks the breakdown of the old system of local business protection, and the erection of living standards that can be scientifically impartial.

12. *The long view: actual earnings versus hourly rate.* The final difficulty attending the decisions of board and commission is that of equating the nominal wage rate to actual income. Nearly every one would agree, on the one hand, that it would be absurd to pay a woman deliberately choosing part time work a full week's wage. On the other hand, nearly every one would agree that it would be equally unfair to pay a woman engaged for full time work, and required to be on the premises all through working hours, for say only 25 hours of her time, if slack production, perhaps in another part of the factory, kept her machine unexpectedly idle at irregular intervals. But between these two extremes there are many gradations which prove most elusive to handle.

The great majority of our commissions have made no attempt to solve the difficulty. They have frankly adopted the hourly rate scale throughout the industries with which they have had to deal, making no variation for chronically part time or seasonal industries. That is, the so-called "weekly wage rate" they enforce is based on the assumption that *all workers work the full legal number of hours each week*: it is only by so doing that they are to be enabled to support themselves. If they work less, no matter by whose fault, they will receive less than the week's minimum income that has been agreed upon as necessary decently to support life. Thus Massachusetts' order (November, 1918) for the wholesale millinery industry contains the express proviso: "These rates (\$11 for the experienced adult) are for full time work, by which is meant the full number of hours per week (54)⁴² required by employers and permitted by the laws of the Commonwealth."⁴³ This

⁴¹ This is quite proper in view of the varying international advantages of different trades. See sections 14 and 15 below.

⁴² Since then (1919) the legal hours of work in Massachusetts for women and minors have been reduced to 48.

⁴³ *Monthly Labor Review*, Feb., 1919, p. 195. In the Arkansas flat-rate law the same principle is expressed even more rigidly: "*All female workers working less than 9 hours per day shall receive the same wages per hour as those working 9 hours per day*" (*italics mine*); while the very recent statewide Wis-

is for one of the most seasonal industries in existence, where almost any one would agree it is impossible to expect the employee to find full supplementary occupation in the short stretches between seasons.⁴⁴

A slightly more hopeful position is shown in two orders of Oregon and Washington. The Oregon order (April, 1918) reads:

When business conditions render it impracticable for an employer to furnish to any employee full time employment (54 hours), the employer shall not be required to pay such employee any greater sum than the hourly wage for the number of hours of actual employment, *provided such employer shall so arrange consecutive hours of continuous employment* that each employee may have a fair opportunity [sic!] for securing such employment as will enable her to earn a full week's wage.

Washington is a trifle more explicit as to what constitutes "employment," but fails to specify that the hours be consecutive. Among the 1915 rulings we read:

(4) When an employee is required to hold herself at certain hours at the call or service of an employer, such hours shall be included as hours of employment.

(5) . . . any arbitrary conditions imposed by the employer which prevent her from earning . . . [a living] wage is contrary to the intent and spirit of the law. *In exceptional cases*, where business conditions offer less than full time employment (8 hours a day, 48 a week), *a regular schedule of hours shall be arranged* between employer and employee . . . [so] that she may not be deprived of arranging for additional employment elsewhere.⁴⁵

In striking contrast to these half-hearted attempts at amelioration is the November, 1918, decree of the California commission. Here for the first time we have a recognition of the principle that

consin order (June, 1919) omits the mention of a weekly norm at all: "No employer shall employ any experienced female at a wage rate of less than 22 cents per hour."

⁴⁴ The same provision is to be found in the more recent decrease for canning and candy-making, also seasonal: July, 1919. (See *Massachusetts Minimum Wage Commission Bulletins* 18 and 19.)

⁴⁵ I. W. C. Rulings, Form 17A (italics mine). The general War Emergency Order of September, 1918, adds the following clauses: "Every . . . firm . . . offering less than full time employment to female employees in any . . . trade . . . shall post in a conspicuous place in the establishment a proper schedule of hours to be observed, for such period of time in advance as the Industrial Welfare Commission shall in its discretion determine, not later than noon of the *preceding day*." (I. W. C. Order 18, Sept. 10, 1918; italics are mine.)

it is the employer who is responsible for keeping the employee's supply of work steady. The decree reads:

No person, firm, or corporation shall employ, or suffer, or permit an experienced woman or minor to be employed in any manufacturing industry at a rate of wages less than \$10 for a 48-hour week (\$0.21 per hour). *If any employer does not provide the full 48 hours of employment during any week, he must pay to all experienced adult and minor workers not less than \$0.25 per hour for the time worked.*⁴⁶

It will be seen, of course, that this California scheme, a "penalty differential" we might call it, does not help the worker who is laid off for a full week or more. In fact, if the differential were made very pronounced it might well encourage an employer in a seasonal industry (such as candy, millinery, or paper boxes) who was faced with the alternative of using all of his force on part time or using only a portion of them on full time, to choose the latter, and lay off as many as possible so as to be able to employ the remainder at the full time rate. Employments with a "peak load" on certain days of the week would, however, be materially bettered. Thus the laundry industry could not longer dock its employees for the short time provided them on Mondays and Saturdays.

A method that indirectly attacks the longer-time seasonal industries has, however, still more recently been introduced by the Wisconsin commission. Their noteworthy first wage order (June, 1919) provides that: "In seasonal industries operating only for a few months during the year no learning period is recognized, and all female and minor employees . . . shall be paid . . . [the full experienced adult minimum]."⁴⁷ Since in ordinary establishments lower rates may be paid to as many as 25 per cent of the employees, this means a very real penalty for the seasonal trade.⁴⁸

⁴⁶ Quoted in *Monthly Labor Review*, Feb., 1919, p. 192 (italics mine). Even more elaborate provisions are made in the Mercantile Order of June, 1919, whereby part time workers receive 35 cents an hour instead of 28.

⁴⁷ Industrial Commission of Wisconsin, Order of June 27, 1919, sec. 4. It should, however, be noted that the order explicitly omits all provision for the chronically short-hour industry. In section 1 of the "Findings of Fact" we read: "Many items in the cost of living of female and minor employees vary directly with the number of hours they are required to work. Those who have short hours of labor . . . having time to do much work for themselves . . ." etc. Section 1 of the order proper accordingly reads baldly: "No employer shall employ any experienced female or . . . minor . . . at a wage rate of less than 22 cents per hour."

⁴⁸ On the Wisconsin scale it would amount to about 3 to 4 per cent of the wages bill.

It would, however, doubtless be advisable to assess industries that are notoriously seasonal even more directly, by raising their general minimum for experienced workers as well. This, on a weekly basis, was the system adopted by Australian boards for the highly irregular occupation of dock laborer. "In setting the minimum hourly rate . . ., the necessary cost of a week's living was divided by the average number of hours of work obtained weekly."⁴⁹

This system has also been adopted by Massachusetts in her recent ruling on office cleaners (January, 1919).⁵⁰ This ruling is in its way quite as remarkable as the ones quoted from California and Wisconsin. Here the commission had found by previous investigation that the average number of hours worked per week at the occupation was only 36, and that four fifths of the women worked at night. The new ruling provides a 30-cent hourly rate for night work and a 26-cent rate for day work. On the basis of the full legal 54-hour week, even the day rate would yield \$14, whereas, the budget agreed to by the board amounted to only \$11.54. It was therefore the typical 36-hour worker whose case was really being provided for. True to Massachusetts tradition, she would receive somewhat less than the budget allowed, *viz.*, at the 30-cent rate, \$10.80 a week, and at the 26-cent rate, \$9.26. These are not very munificent sums, but the recognition they show of the short-time problem is extremely important.

However, the idea suggested by the California decree, of making the rate directly enforceable upon the individual employer who fails to provide full work, *and upon him alone*, seems too good to lose sight of. Perhaps a combination of both methods would be possible, namely a slight penalty for the habitually seasonal or short time industry as a whole in the shape of a higher hourly rate, and an additional differential for the employer whose work was unusually irregular.⁵¹

⁴⁹ *New Statesman*, June 6, 1914, p. 263, quoted in Commons and Andrews, *Principles of Labor Legislation*, p. 182.

⁵⁰ See *Monthly Labor Review*, Apr., 1919, pp. 186-7.

⁵¹ This could be assessed in some such way as the one originally outlined by the chairman of the first Massachusetts brush board (quoted in *Annual Report of New York Factory Investigating Commission*, vol. VI (1915), appendix IV, p. 633): "Each weekly pay day the minimum weekly rate set by this Board shall be multiplied by 10, and if the total earnings during that 10-week period immediately preceding each weekly pay day do not equal that amount, the difference shall be paid her each week." A simpler method, however, in the

A point which it is important to stress, while dealing with the matter of hourly rates, is that it is closely bound up with the question of the legal hours of employment in each state. The same weekly minimum may mean very different things to both employer and employee if the number of hours for which it is being paid is different. Thus Oregon in April of 1918 changed her minimum for manufactures from \$8.64 to \$11.61. Meanwhile her neighbors, Washington and California, were paying only \$10.⁵² At first the employer members of her board protested at this disproportionate advance, but it was successfully pointed out to them that, since both Washington and California were limited to a 48-hour week, while Oregon worked 54, the respective wage rates for the three states would be rendered practically equal, thus:

Washington and California \$10.00 a week \div 48 hours = 21 cents per hour.⁵³
 Oregon \$11.61 a week \div 54 hours = 21½ cents per hour.

The close connection between hours of work and wages per hour is doubtless one very important reason why so many of our states have assigned hours as well as wages to the jurisdiction of their minimum wage ("industrial welfare") commissions. Where no direct connection between the hour-fixing and the wage-fixing machinery of a state exists, it is always possible to reduce the hourly wage by increasing the number of hours for a given industry. Thus a representative of the Washington commission writes: "During one session of the Legislature the . . . Association . . . attempted to secure an amendment to the woman's 8-hour law providing for an emergency clause allowing overtime. Had this passed, it would have indirectly reduced wages, as all wages are

opinion of the writer would be to assess each employer at an hourly rate that roughly corresponds to the average per capita short time that he had provided during a specified period in the recent past. Thus an employer who had averaged 20 per cent fluctuation above that allowed for in the general trade estimate, would have to pay a 20 per cent differential on his minimum hourly rate. (Needless to say "short time" in the above sense does not include time lost by the worker's own fault, *i.e.*, voluntary absenteeism.)

⁵² The California decrees at this time did not cover manufacture, but \$10 was the rate for stores, etc.

⁵³ Incidentally the Oregon members were made to realize that hitherto the advantage had lain very heavily on the other side and that, nevertheless, their neighbors had not been ruined. Up to this time, when the Washington and California rates were already \$10, or 21 cents per hour, the Oregon rates for manufacture had ranged from \$8.25 to \$8.64, or 15½-16 cents per hour. (The higher rate was for the city of Portland.)

based on an 8-hour day and 6-day week."⁵⁴ And again, "The question of seasonal industries, such as fish and fruit canning do not come under the Factory Orders and the wage⁵⁵ applies to them." The converse of this connection is seen where the legal hours of work are suddenly reduced. The wage per hour is automatically raised. Thus Massachusetts' adoption (1919) of a 48-hour week in place of a 54, gives her women nearly a 13 per cent hourly increase.

13. *Special class of workers: the defective.* Besides the difficulties attendant upon the setting of the regular rate for normal adult women, our minimum wage commissions have to face the problems of three special classes of workers generally recognized as sub-standard: the young, the inexperienced, and the defective. Of these the defective have thus far proved much the easiest to deal with.

In all our states save Massachusetts, Wisconsin, and Kansas the class is narrowed to include only adult women who are physically defective.⁵⁶ The method of handling these cases is always by individual license, issuable by the commission direct. The wage boards naturally have nothing to do with them. Each license sets a special sub-standard rate for the worker concerned, which may be temporary or permanent according to the nature of the defect and the wording of the law. Some laws limit the proportion of defectives that may be employed in any one establishment to one in ten.

So far the total number of licenses issued by the active minimum wage states has been surprisingly small. As one secretary writes, "Employers evidently do not want to ask for defectives' permits unless there is no question about the employee being unable to make a living because of . . . her defect." Washington reports only fifty in five years of commission activity. The California commission states in respect to the laundry industry, where infirm workers are more easily accommodated than elsewhere: "No license has been granted to any woman except upon the signed statement of a licensed physician that the applicant was not able

⁵⁴ Letter to the writer, Oct. 26, 1918.

⁵⁵ *I.e.*, the rate per hour. This gives a higher weekly wage to these long-hour industries.

⁵⁶ In Wisconsin, however, it applies to "any female or minor unable to earn the living wage," and in Massachusetts and Kansas to "any employee . . . of less than ordinary ability. . . ."

to work to normal capacity at ordinary tasks, either because of age or physical disability." Even then no license is granted for less than \$8. . . . In November, 1918 less than 3 per cent of the total employees. . . . [held] such permits."⁵⁷

None of these states report any difficulty because of applications from the mentally defective. In many cases of course the mentally defective would also be physically handicapped, and thus receive their classification without question. Of the six licenses thus far issued by the Minnesota commission, three were for women thus doubly handicapped. Our informant states that no case of purely mental defect has as yet arisen. The Washington commission reports similarly: "We have had no application from a mentally subnormal person."

In view of the large number of mental defectives known to be at large in our population, this state of affairs is certainly surprising. Perhaps the majority of them find their way into simple piece work operations where their reduced output can affect no one but themselves.⁵⁸ Others doubtless drift about from job to job, never making themselves valuable enough to an employer to cause him even to try for a license for them. But a large remainder appear to be still unaccounted for. Can it be that much of our industry is so simplified and routinized that even a moron is good enough to support herself at it? Nay, possibly that she may in some respects be preferable to her normal and therefore more restless sister?

In the future without doubt the problem of the defective will grow more acute, as minimum wage legislation is extended to our more thickly settled industrial states, and as the minimums in our existing rulings are raised to something nearer a full living wage. A clear understanding of the ground of licensing would then be imperative. The Massachusetts-Kansas-Wisconsin system of "wide open" licenses would doubtless offer increasing dangers; while a definition that strictly excluded all but the physically incapacitated would doubtless err equally on the other side.

As the number of licenses grows, opportunities for constructive

⁵⁷ *Third Biennial Report I. W. C. of California*, p. 70.

⁵⁸ However, in a state like California they would probably be discovered even there, if large numbers congregated in any one branch of piece work, for California has the provision in her ruling on manufactures that 66 2/3 per cent of all pieceworkers employed by any one establishment must earn over the weekly rate. (I. W. C. Order No. 11, amended 1919, sec. 8(d).)

social work on the part of the commissions should grow also. They can become the logical centralizing agency, the clearing house, for putting adult women defectives in touch with other appropriate agencies. The system of renewable licenses will enable them to keep track of the progress of each case, while threat of forfeiture gives them unusual persuasive power.

13. *Minors and apprentices.* The problem of the untrained and the immature worker is far more puzzling. How long does it take a woman to learn a trade? (What trade?) How much longer does it take her if she is not a woman but a young girl? (In which trades does age count for most?) Are there any trades in which an experienced girl under eighteen is as useful as if she were grown? What is a trade anyway? How far shall one go in subdividing our complicated industry to tell when a woman who is changing her position must begin at an apprentice wage over again? These are some of the questions that have gradually been brought home to our commissions in the course of their operations.

The method of administering the problem is unfortunately somewhat complicated. In most of our laws it is provided that both these classes of workers shall receive special rates, but that, while the rate for minors shall be fixed by the commission direct, that for adult learners shall be reached by the usual board machinery.⁵⁹ It may well be that some of the planlessness of which we shall hereafter have cause to complain is due to this divided responsibility. On the face of it, the two problems are so closely related that it seems only reasonable to have the same agency responsible for both. That agency, in view of the extreme complexity of the subject, would naturally be the central commission. However, the technical trade advice of the lower boards could be made extremely valuable to the commission, provided it were not made finally binding.

The Oregon apprenticeship rulings show very interestingly how one commission, or, if you will, one group of boards, has gradually been awakening to the complexity of its task. In the 1913 ap-

⁵⁹ The laws of two states, California and Washington, make no express distinction between the wages to be paid the skilled and the unskilled; and California makes no distinction between minors and adults. Both these states, however, empower the commission to issue individual apprenticeship licenses. In practice this provision appears to have made for greater flexibility of rulings. (Note, however, that in her general War Emergency Order of November, 1918, Washington chose to ignore all differences of skill—the flat rate of \$13.20 being supposed to apply to all women and the \$9 to all minors.)

prenticeship conferences Oregon merely issued a flat-rate minimum of \$6 per 54-hour week for all industries, "and the maximum length of time such workers shall be considered inexperienced in any one industry, shall . . . be . . . one year."⁶⁰ Here we have no attempt to define what is to be considered "one industry," and no distinction between apprentices who are brand new and those who are almost completely experienced. Moreover, the learning period itself is extremely long. If such length had any justification at all, one would suppose it could only be on the ground of acquainting the learner with a good many branches of a rather difficult trade.

The commissioners themselves, however, apparently had no clear idea on the subject, for they seem to have done nothing to prevent employers from taking advantage of the loose wording of the ruling. By 1916 such grave abuses had sprung up that the new conference then in session was instructed to consider a refinement of terms. "Some employers dismissed girls as soon as the first year had expired or shifted them to slightly new work in different departments, thus starting them on a second year of apprenticeship at \$1 a day."⁶¹ It apparently never occurred to the conference to go so far as to require the new employer to pay the girl what she had last been receiving or to force the old employer to increase the girl's wage at the expiration of a year of any sort of service with him. Instead, they tried the method of inducements: they adopted a rising scale, beginning at \$6 as before, but increasing \$1 every four months, so that by the end of the year the apprentice would be receiving very nearly the full adult minimum, and the temptation to dismiss her would be very much reduced. This device of the graduated scale is now in use by practically all our commission states.⁶² It operates as an incentive to the employee to stick to her job as well as to the employer to retain her.

By 1918 Oregon had decided to attempt a refinement of the graduated scale. When it came to raising the general level of

⁶⁰ Quoted in *The Oregon Minimum Wage Law* (Reed College A.B. thesis), by Samuel B. Weinstein, p. 21 (*italics mine*).

⁶¹ *Ibid.*, p. 31.

⁶² California in her latest order (No. 5, amended June, 1919) adds the express warning, "Learners' permits will be withheld by the Commission where . . . firms . . . make a practice of dismissing learners when they reach their promotional periods."

wage rulings in accordance with war prices, the mercantile conference decided to abandon the policy of fixed 3-month periods and to substitute irregular periods, the first very much shorter than the others, to encourage the new hand to overcome the inertia of the first few weeks; moreover they decided to shorten the total apprenticeship term for their industry from a year to eight months.⁶³

All the Oregon 1918 conferences finally realized the necessity of meeting squarely the abuse of shifting girls about from one department to another. They accordingly had the commission issue the following ruling: "After any woman shall have completed any prescribed period of service as an apprentice, she shall not thereafter, *while working for the same employer*, be paid a wage less than that prescribed for the next succeeding period, unless a permit therefor shall be issued by the Industrial Welfare Commission."⁶⁴

So far Oregon has not issued any ruling to prohibit a *new* employer from engaging a partly experienced girl at a beginner's wage. Discussion at present centers about the question of how greatly variations in individual firm methods justify at least a short initial term of fresh apprenticeship.⁶⁵ Wisconsin and Arkansas alone have faced the issue unequivocally. The Arkansas flat-rate law (1915) states: "All time served as inexperienced workers or apprentices shall be cumulative," while the Wisconsin commission's first wage order (June, 1919) reads: "Employees shall be deemed experienced after six months of employment in the trade or industry whether for the same employer or different employers."⁶⁶

In general it may safely be said that the problems of apprenticeship have not received the thorough and dispassionate study which they demand; that, in fact, they have been slighted as compared

⁶³ This system has been perpetuated under the new 1919 rulings. The mercantile scale now runs: first month \$9 per 48-hour week; next three months, \$10.50; last four months, \$12; full adult wage, \$13.20. A somewhat similar system had previously been in force in Washington for the laundry and telephone industries. (Oregon I. W. C. Order No. 37, Aug. 12, 1918, sec. 3.)

⁶⁴ I. W. C. Order No. 36, Apr. 12, 1918, sec. 5 (*italics mine*).

⁶⁵ Some commissions take the mild precaution of requiring the old employer at any time to furnish the apprentice upon request with a certificate showing the length of her service with him. Arkansas contains this provision in her statute.

⁶⁶ I. W. C. Order of June 27, 1919, sec. 4.

with the problems of the experienced worker. Very probably the chief fault lies in a lack of vital interest on the part of the employees' representatives—their own apprenticeship period lying so very far in the background of their memory, combined with a lack of intimate knowledge of trade processes on the part of the representatives of the public, and a natural desire on the part of the employers to "get a bit of their own back" where they find least opposition to it. Unquestionably the great majority of our apprenticeship periods have been too long, the wages too low, the instruction indifferent, and the opportunity for abuses in the way of repetition of half completed periods too little guarded against.⁶⁷

It would take a very thorough revamping of our present industrial methods to give inexperienced women the most rapid and thorough training of which they are capable; but surely the process could be greatly speeded up by the mere mechanical shortening of the learning period, forcing the employer to concentrate whatever training he did propose to give into a shorter time, and protecting him with low initial wages but a rapidly rising scale, on the one hand, from the temptation of discharging the partially trained, and, on the other, from the inclination of the partially trained themselves to wander off and seek a fresh trade.

The extent to which the length of the apprenticeship period may be a matter of local custom—or rather of local inertia—is shown by a comparison of three recent laundry awards of Massachusetts and Arkansas. In Massachusetts all apprenticeship periods are extremely long (probably yet another reflection upon her system of non-enforceable awards), ranging from one to a full two years.⁶⁸ Her laundry award whereby workers are "held experienced after one year, if absences have not been of unreasonable duration," is therefore by no means exceptional.⁶⁹ In Arkansas,

⁶⁷ One abuse very commonly guarded against is the employment of a disproportionate number of apprentices in any one establishment. Thus the new California rulings for . . . stores and factories provide that: "The total number of learners . . . (adult and minor combined) shall not exceed 33 1/3 per cent of the total number of [workers] employed" (sec. 3). See I. W. C. Orders 5 and 11 amended, 1919, secs. 1(c).

⁶⁸ See table, "Minimum Wage Regulations for Women, January 1, 1917," in *Oregon Minimum Wage Brief*, p. 76.

⁶⁹ Thus millinery (Dec., 1918) requires two years, candy-making (July, 1919) a year and a half, and even canning (July, 1919) a year! Contrast with this last the recent Wisconsin decree: "In seasonal industries operating only for a few months during the year no learning period is recognized, and all female and minor employees . . . shall be paid . . . [the full experienced adult wage]." (Minimum Wage Order No. 1, June 27, 1919, sec. 4.)

by the 1915 flat-rate statute, the apprenticeship period for all trades (laundries therefore included) was set at six months, just half that of Massachusetts. Yet when in the summer of 1918 the National War Labor Board came into that state to settle the laundry difficulties in Little Rock, it not only raised the whole wage scale tremendously, but promptly reduced the six-month period to *thirty days*.⁷⁰ Here we have a variation in three typical rulings of 1200 per cent.⁷¹ Which of the three was right?⁷²

15. *Some special problems of minors.* For the workers under eighteen, the difficulty of securing adequate training in the shortest possible time is complicated by the desirability of keeping the younger of them out of industry altogether. A high initial wage, it may cogently be argued, directly encourages the small boy or girl of fourteen to leave school and go to work. On the other hand, a very low initial wage encourages the employer to seek out all the immature help he can. Which is stronger, the inducement to the child and its parents or the inducement to the employer?

Most of our commissions have taken a middle ground, apparently assuming that while it is their primary duty to protect the child from crass wage exploitation, they need not scale up his wages too meticulously in accordance with his probable productivity. Thus Oregon's 1919 orders assigned all minors between fourteen and fifteen a flat-rate of \$6, those between fifteen and sixteen, \$7.20.⁷³ In Washington, for two years previously, the flat-

⁷⁰ National War Labor Board, Docket No. 233, *Joint Report of Section in re Employees vs. Laundry Owners, Little Rock, Arkansas*.

⁷¹ An almost equally striking variation is found in the laundry rulings (prior to Sept., 1918) of the three Pacific coast states, where conditions of work might be considered more closely equivalent and where no outside agency has interfered. In Oregon the period was one year; in California, fifteen months; and in Washington, two months! The California period has now been reduced to six months, while Washington's 1918 rulings recognize no learning period at all.

⁷² The arguments for short time training are certainly borne out by the experience of the U. S. Shipping Board, which during 1918 carried on apprenticeship courses for all the various difficult shipyard trades. The learners, who "were drawn principally from unskilled shipyard work and from manufacturing," were after their training able in the main to hold their own with experienced journeymen." Yet "Statistics from twenty-one yards indicate that the average training period for all men was nineteen days." (See P. H. Douglas and F. E. Wolfe, "Labor Administration in the Shipbuilding Industry during the War," *Journal of Political Economy*, May, 1919, pp. 378-9.)

⁷³ Oregon I. W. C. Order No. 46, Aug. 12, 1919.

rate for all under sixteen was \$6.⁷⁴ In their wartime emergency conference, the Washington commission, however, appears to have swung over to the full productivity idea: its minimum for all minors is now \$9, with a dollar increase every six months of employment.⁷⁵ In British Columbia, the commission has taken the commendable stand of trying to keep the girl under sixteen out of industry altogether by "preventing, except under special license, the employment of such girls" and by "collaborating with the educational authorities to raise the age for leaving school [and] . . . to provide more satisfactory methods for industrial . . . education."⁷⁶

For minors over sixteen there seems no good reason to prolong the low-wage period beyond what is absolutely necessary by reason of lack of skill. All our commissions now arrange a rising apprentice scale for these workers, but in most states the rise is unduly slow. Thus in Oregon, while the initial wage for minors over sixteen is nearly as high as that for women learners (*viz.*, \$8.50 instead of \$9), the subsequent advance toward the full minimum takes three times as long. "For the purpose of determining a rising scale for minor apprentices the working time of female minors between sixteen and eighteen years shall be divided into periods of three months each. Each period . . . shall be considered the equivalent of one month in the corresponding period of the apprenticeship of the adult worker."⁷⁷ There are no exceptions to this rule. Consequently no girl under eighteen, however proficient she may be and however long her trade experience (it may be almost four years), can ever command the adult minimum. Minors over sixteen who are not apprentices also begin at \$8.50 and are advanced 50 cents every six months.

In Massachusetts the rise is even slower. There in the retail store industry no girl, however experienced, can command more than an apprentice wage until she is over nineteen; while in women's clothing factories she must be nineteen and a half.

In California, on the other hand, mere immaturity as such is not allowed to affect the status of a worker once she is partially experienced. Here in the laundry, and hotel, and restaurant industries the girl of from fourteen to eighteen starts on an exact par

⁷⁴ Washington I. W. C. Order, Sept. 14, 1917.

⁷⁵ *I.e.*, until the adult minimum of \$13.20 is reached.

⁷⁶ Letter to the writer by a close associate of the commission, Jan. 17, 1919.

⁷⁷ I. W. C. Order No. 46, sec. 2.

with her adult sister; in stores, factories, and offices she starts at a dollar lower wage, but after a given initial period continues on through the regular stages of adult apprenticeship at adult wages; only in "unskilled and unclassified" occupations does she remain permanently below adult par.⁷⁸

In Wisconsin the exceptionally proficient minor is safeguarded by the provision: "Permit children producing the same output as employees in a higher wage classification shall be paid not less than the minimum wage rate for such class."⁷⁹

Conclusion

In summing up this review of American minimum wage administration, it may be well to group our recommendations for the future under three definite heads: first, the need for a real living standard; second, the need for a more flexible standard; third, the need for centralization of administrative responsibility.

I. *A real living standard.*

1. First and foremost among our needs is undoubtedly that of a clear, unequivocal, basic standard of living for the working woman, a standard that shall take account of the whole range of her necessities, not only day by day but year by year.⁸⁰ For this we should have a *standard budget*, formulated preferably by our federal Bureau of Labor Statistics, revised by them periodically in accordance with changes in the cost of living, and adjustable by local boards and commissions to local conditions.

2. To reduce this budget to terms of *weekly wage rate*, we must have (a) a clear-cut policy on the part of boards and commissions that the "living wage" shall mean a "living income" the year round; (b) more accurate information by these bodies as to local irregularities of employment; (c) a simple method of advancing hourly rates by "irregularity differentials" whenever trades or individual establishments fail to provide full time work.

3. A necessary corollary to such a full living standard would be the extension of our special provisions for sub-standard workers. (a) For defectives, who would now of course include the

⁷⁸ For three weeks she receives \$8 instead of the adult's \$10, and thereafter \$10 instead of the adult's \$13.50.

⁷⁹ In Order of June 27, 1919, sec. 3.

⁸⁰ For a detailed discussion of the components of such a standard see the writer's forthcoming article, "The Standard of Living for Working Women: a Criticism of Current Theories," in the *Quarterly Journal of Economics*.

mentally incapable, the double system of individual licensing plus limitation of numbers in any one establishment might well be revised to include a third element, namely, the selection of a series of especially "approved" occupations, in which such workers could be allowed to congregate without limit; each plant in the "approved" list being subject to special supervision by the commission—all defective workers meanwhile, whether working in an "approved" establishment or at large, to be inspected and re-licensed periodically. (b) For *inexperienced workers and minors* we need a more scientific series of statewide "rock-bottom" minimums, graded according to age; and above these, a series of specially adjusted apprentice minimums that should be as varied as the trades they represent. That is, it should be left to the discretion of the commission and boards whether for a given trade there should be any distinction at all between the comparatively new and the old hand, or between the youthful and the adult; and if there should, just what ought to be their relative rates of advance. The number of apprentices allowed in any one establishment should doubtless continue to be limited.

II. *A flexible standard.*

Next only to the need for a standard that shall be adequate at the outset, is the need for a greater flexibility in its application. I have already pointed out the need for (1) more rapid revision of established rates in times of sudden price changes, and have suggested that for specified periods of a year or so the commissions be given *ad interim* power to revise existing rates. They could readily do this in accordance with the cost-of-living index numbers which the Bureau of Labor Statistics could furnish them. Two other devices for increasing flexibility are, however, no less important. These are (2) the forestalling of bad wage conditions that are as yet only apprehended, by empowering the commission to issue rulings for trades that may at the time still be on a living basis; and (3) the easing off of radical advances for the employer by permitting the commission under exceptional circumstances to distribute the scheduled advance in wages over a specified period. Reform number three is a refinement over the method now in force in Washington (where the application of the whole rate as such may be postponed), and is to be found in its present form in the excellent new British Trades Board Act of 1918.⁵¹

⁵¹ It was also used, although without express legal provision, by the original

Number two occurs in the revised British statute alone.⁸² Both these innovations are of great significance; the anticipation of low wages is especially valuable in a time of sudden oversupply of labor such as has occurred in many industries since the close of the war; while the gradual application of certain rates is sure to become a practical necessity as the living-wage idea becomes more firmly established and radical advances grow more common. Where some compromise with purely financial considerations appears inevitable, this form is infinitely preferable to the current one (of setting up a final rate that is sub-standard), since this proposed device is self-remedying and deceives no one.

III. *Centralization of administrative responsibility.*

Finally we need a greater concentration of power and of the responsibility that goes with it if our commissions are to operate effectively in the larger industrial states. The writer has already pointed out the advantages that accrue from (1) empowering the commission upon occasion to *overrule the advice of the boards* and (2) *giving the executive officer of the commission a voting membership* on both the boards and the commission itself. The combination of these two devices should go far toward helping to organize the information at the commission's disposal and bringing it to bear impartially upon the formation of a consistent policy.

3. A more radical change in organization that might prove very advantageous in our larger states would be to place the whole minimum wage commission under the charge of the existing Department of Labor, making of it an *independent bureau* with a special *Deputy Commissioner of Labor at its head*. He would then become the paid executive officer of the commission, taking

Massachusetts Brush Makers' Wage Board in 1914:—"The rate to go into effect at once shall be 15½ cents an hour. At the end of a year's time the rate shall automatically become 18 cents. . . ." (*Second Annual Report of the Minimum Wage Commission of Massachusetts*, p. 9.) Ordinarily Massachusetts follows the Washington method. Thus the candy decree of last July does not go into effect until January.

⁸² *The Monthly Labor Review*, Nov., 1918, paraphrases and comments upon these two provisions as follows: "The new act permits the Minister of Labor to apply its provisions to any trade in which it appears to him that no adequate machinery exists for the effective regulation of wages. *It is thus possible to forestall an apprehended fall in wages in view of changes or anticipated changes in conditions of employment.* . . . Rates may also be fixed to come into operation successively on the expiration of specified periods, and variations in rates may be declared operative only during specified periods."

over the representative duties we were just now assigning to the secretary. This system would have the advantage of placing freely at the commission's disposal all the information that could be gathered by the department⁸³ as well as its full power of inspection and enforcement without giving up the commission's local autonomy.⁸⁴ Its possible disadvantage would be the transfer to the commission of any inefficiency that lurked in the department.

4. A most significant centralization in administrative methods (as distinct from organization) that already has taken place in four of our states is the widening in scope of wage awards. As has been pointed out, the fixing of statewide adult rates, combined with carefully specialized trade provisions for the inexperienced, marks the opening of a new era in scientific standards.

5. A useful precursor to such standardization would be the regular holding of *regional conferences* for groups of states that face the same economic problems. Such a conference was held tentatively and informally between the three Pacific coast states at the invitation of the Washington commission, just before that body called together its own war emergency conference. It is highly probable that it was influential in the subsequent raising of the California and Oregon rates to the uniform Washington level. Similarly, when once the perennially reintroduced New York and Pennsylvania bills become law, a North Atlantic conference between these states and Massachusetts (and perhaps by that time New Jersey) would certainly appear to be in order. In view of the sometimes wide variations of the law between neighboring states, it would of course be best not to introduce any formality into these meetings, but to have the understandings arrived at mere "gentlemen's agreements." As such they should go far to allay interstate misunderstandings and break the force of the constantly recurring employers' argument in regard to throttling competition. They should certainly serve as a spur to the laggard states in each group.

In making all these specific recommendations we have not forgotten that at the basis of all our reforms must lie a growth of

⁸³ Most of our existing laws provide that the department shall collect data for the commission upon request, but so long as the two agencies remain separate this is apt to cause friction. The new Texas law overcomes this difficulty by providing that the head of the bureau of labor statistics shall himself serve as chairman of the new commission.

⁸⁴ The new North Dakota law gives the task of wage setting into the hands of the existing workmen's compensation bureau.

public confidence and interest in the work of the commissions. The chain of minimum wage activity can be no stronger than its weakest link, which is the assistance every commission has to receive from the public—in the form of adequate representation on its boards, attendance at its hearings, support from the courts, and, above all, adequate appropriations from the state legislature. The financial difficulties under which some of our most progressive commissions have been struggling make the degree of their success really astounding.⁸⁵ The commissions themselves must of course do all they can to extend the field of their publicity. Whenever, as in the case of Massachusetts, they have been blessed with sufficient funds, they have indeed gone into print very vigorously, if somewhat learnedly. But the larger and less dignified task of widespread popular appeal must necessarily rest with the outside friends of the movement. If half the energy that habitually goes to pushing minimum wage campaigns were carried over and devoted to popularizing the work of the commissions when once they have been established, the whole range of problems we have been discussing would be immensely simplified.

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⁸⁵ Is it for example generally known that the Oregon commission has an annual appropriation for *all* purposes (including secretary's salary, office expenses, investigations, rent, publicity, inspection and enforcement!) of only \$3,500?

THE COST OF THE WAR AND HOW IT WAS MET

The time has not yet come for a final statement of the fiscal history of the war. For one thing, the figures are not yet completely available; and, in the next place, the expenses connected with the war are not yet over. It is, however, not premature, one year after the declaration of the armistice, to attempt to present in a summary fashion a preliminary survey and interpretation of the facts. Various ad interim endeavors to present certain phases of the subject have already been made.¹

The problems to which it is desired here to call attention are as follows. In the first place, what is meant by the cost of war? Secondly, in considering actual governmental outlays, is it desirable to distinguish between the expenditures during the war and war expenditures? And, if the answer be in the affirmative, how are the latter facts to be ascertained? In the third place, from what sources were the actual war outlays derived? This introduces, of course, the question of taxes versus loans. The facts as to taxation are first to be secured. Here it will be seen that there is considerable confusion as to what is meant by war taxes, and that, just as there has been a failure to distinguish between expenditures of the war period and war expenditures, so the proper line has not been drawn between taxation during the war and war

¹ The most valuable presentation of facts for the earlier period of the war will be found in the bulletins of the Copenhagen War Study Society and of the *Société de Banque Suisse*. Some later figures will be found in L. P. Ayres, *The War with Germany*, published by the Statistics Branch of the General Staff of Washington, 1919. Some computations as to the cost of the war will be found in Edgar Crammond's *Address on the Cost of the War* before the Institute of Bankers, London, March, 1919; as well as in Sir Edward Holden's *The Cost of the War and its Payment* in his report to the London City and Midland Bank, January, 1919. Facts as to public debts will be found in *The World's War Debt* (Mechanics and Metals National Bank, New York, 1919); in *The Internal War Loans of Belligerent Countries* (National City Company, 1918); and in the article by L. R. Gottlieb on the "Indebtedness of the Principal Belligerents" in the *Quarterly Journal of Economics* for May, 1919. The most valuable document for the earlier period of the war is the report, No. 4133, to the French Chamber of Deputies, by M. Louis Marin in 1917. By all odds the most complete and valuable studies on the subject are those by Professor Gaston Jèze in almost every number of the *Revue de Science et de Législation Financières*. He has dealt particularly with England, France, Italy, and Germany in three series of articles entitled respectively "Les Finances de Guerre," "Les Méthodes Financières," et "Les Emprunts de Guerre."

taxation. A correct interpretation of the facts will yield some rather unexpected results. The fourth problem is that of the relative weight attached by different countries to the various categories of taxation in raising the necessary revenues. Finally, we have to consider the rôle played by public debts and the relative importance attached to long-time and short-period borrowings.

In order to put the results in the most compact form, a series of tables have been constructed. The figures throughout this article have been taken from official sources;² and the foreign currencies have been converted into dollars according to a scale which represents their actual pre-war coin value.³ Owing to the depreciation of the foreign currencies, this naturally gives a somewhat exaggerated picture of the existing burdens.

I

The cost of the war may mean several different things. In the narrower sense, it means the actual money outlay, or expenditure

² The official sources that have been utilized are as follows:

Great Britain: The various speeches, as found in Hansard, of the chancellors of the exchequer (Lloyd George, 1914-15; McKenna, 1915-16; Bonar Law, 1917-18; and Austen Chamberlain, 1919,—the last being his speeches of May and June, 1919) and of the Prime Ministers (Asquith and Lloyd George); the *Annual Finance Accounts*; the *Reports of H. M. Inland Revenue*; and the *Return relating to the National Debt from 1875 on* (cd. 8972, 1918).

France: The annual reports (*Rapports Généraux*) of the Budget Commission; the *Exposé des Motifs du Projet de Loi* for each of the new revenue laws; and the speeches in the Chamber of Deputies of the Ministers of Finance (Ribot, 1915-16; Klotz, 1917-19,—the last being the speech of May 27, 1919).

Italy: The reports (*Relazioni*) and speeches of the Ministers of the Treasury (Carcano, 1916-17; Nitti, 1917-18; Stringher, 1919; Schanzer, 1919,—the last being the speech of July, 1919) as well as the studies of Professors Flora, Cabiati and Einaudi.

Germany: The Reichstag speeches of the Ministers of Finance (Kuhn, 1914-15; Helfferich, 1915-16; von Roedern, 1916-18; Schiffer 1918-19; and Erzberger, 1919,—the last being his speech of October, 1919).

Russia: The reports of the Ministers of Finance, especially Bark, 1914-16; Gukovski, 1916-17; and Tereschenko, 1917.

Austria-Hungary: The reports of the Budget Commissions.

Translation of some of these reports will be found in the *Bulletin de Statistique*. Excerpts from some of the above reports as well as of the official reports of other countries will be found in the current numbers of *The Economist* and *L'Economiste Européen*.

³ 1 £ = \$4.87.

1 franc = 19.3 cents.

1 mark = 23.8 cents.

1 ruble = 51.5 cents.

1 crown = 20.3 cents.

1 £ T = \$4.40.

in dollars and cents, directly involved in prosecuting the war. In the wider sense it includes many items, both direct and indirect, which are of significance from the economic point of view. The real cost of the war in this sense may mean either the actual loss of lives and of property or the diminution of the annual social output. The direct loss of property is susceptible of fairly accurate measure; the cost due to the loss of lives is more difficult to estimate. Most of the calculations on the latter point have been entirely arbitrary. So far as the wealth of a country is measured by its social income it may be reduced by the actual loss of territory, as in Germany and Austria; by the impairment of its natural resources such as coal mines and forests, as in France; by the reduction of labor power, due to the wounded workmen or the results of starvation on the civilian population, as in most of the European countries; or by the loss of economic efficiency due to a lowering of the standard of life or to a change in the attitude toward habits of work. The total costs of a war in this sense, although they are for the most part incalculable, are none the less of profound significance.

In this paper we shall attempt to deal only with the direct money costs. These direct money costs or governmental expenditures for war include not only the actual outlays for military and naval purposes but also the whole range of expenditures incurred in industrial life to prepare the wherewithal for the army and navy; and they also comprise the sums devoted to the maintenance of the families of the soldiers. All these items are far greater in modern times than they used to be. It is a far cry from the meeting of two savage tribes armed with bows and arrows or javelins to the modern sixteen inch guns, the dreadnoughts, the aeroplanes, the submarines, the poison gas, and the innumerable technical adjuncts of modern warfare. The consequence is that the money costs of the great war have far transcended those of all previous conflicts.

The attempt to present in figures the cost of the war even in this restricted sense meets with several difficulties. In the first place, the question arises as to the period when we ought to stop. In one sense the war ceased when the armistice was declared: in another sense the war did not actually stop until peace was ratified—in this case a matter of over a year more. But even when peace is made, the war expenditures are by no means over. The process of demobilization is a slow one; and in many countries there have been considerable demobilization bonuses. Moreover, it

is necessary to continue for some time the policing of the conquered countries. Again, we must take account of the compensation to citizens for war damages; of the expenses of reconstruction; and of the loss on exchange of the depreciated currencies. Finally comes the question of the pensions to the wounded soldiers or to the families of the dead. It will be seen, therefore, how impossible it is to state with any accuracy at the present time the costs of the war, while these are still being incurred. Furthermore, the figures ordinarily given contain many inaccuracies. The richer countries make advances to the poorer countries, and these expenditures are sometimes counted twice in the total—a procedure legitimate only on the assumption that the loans will not be repaid. Again, in a country like the United States, which has substituted an insurance system for pensions, the nominal expenditures appear smaller than is really the case, because of the receipt of vast insurance premiums which will ultimately all be expended again. Finally, the figures make no allowance for the changes in the price level or the alteration in the value of money. In a great war like the present, prices always rise; in some countries they have doubled, in some they have more than trebled, for reasons which it is needless to discuss here. What seems, therefore, to be an increasing outlay from year to year may be in reality due, in part at least, to this cause.

After making allowance for these difficulties, we may proceed to state some of the facts as to the actual outlays of various countries.

The first point of interest is the average daily expenditure for war purposes. In all the belligerent countries it naturally took some time for them to get into their stride. This is especially true of Great Britain. The figures of the average daily expenditures, as given by the chancellors of the exchequer, amount to almost ten million dollars for the opening months of the war and reached the maximum of almost thirty-six millions by 1918. These stupendous figures, however, are somewhat exaggerated, because no distinction is made between expenditures in the war and expenditures for the war. In order to ascertain the real war expenditures in any country, it is obvious that we must deduct the amount of ordinary or peace expenditures. This it is not always easy to do. In the first place, peace expenditures themselves tend to grow from year to year. If, therefore, we take as a criterion the ordinary expenditures for the year preceding the war, this sum ought, es-

pecially in a long war, to be somewhat increased from year to year. In the second place, the expenditures prior to the war may sometimes include preparations for an impending war and should therefore be reduced accordingly. Since, however, it is impracticable to make these detailed corrections in every case, it will suffice to deduct from the expenditures of each war year the amount of the expenditures in the last year of peace, even though this tends slightly to exaggerate the real money cost of the war. Making these corrections, it appears from table A that the average daily war expenditures in Great Britain grew from 9½ million dollars during the first eight months of the war to 33½ millions in 1918 and then slowly receded. In France the average daily expenditures, as was to be expected, were somewhat less, rising from about 8½ million dollars during the first three months of war to over 21 millions during 1917, the last full year of war. In Germany the daily expenditures were approximately the same as in Great Britain, rising from about 13 million dollars in the first nine months of the war to about 34½ millions during the last half of 1918. In the case of both Germany and France, however, it is not known whether the figures comprise the total expenditures or only the purely war expenditures. In the former event, the daily expenditures of Germany would be a little less than those of Great Britain; in the latter, they would be a little more. In Italy and Austria, the daily expenditures were naturally smaller, amounting as a maximum to 10½ and 20 millions respectively. In Russia the daily expenditures rose in 1916 to 21 millions, and in 1917, just prior to the October revolution, nominally to 47 millions. Owing to the great depreciation of the ruble, however, the actual expenditures were much less. The salient facts are given in table A.

TABLE A.—AVERAGE DAILY WAR EXPENDITURES.
(In millions)

GREAT BRITAIN					
		Average daily total expenditures		Average daily war expenditures ¹	
		£	\$	£	\$
Aug. 4, 1914—Mar. 30, 1915		2.05	9.98	1.98	9.46
Apr. 1, 1915—	1916	4.27	20.79	3.73	18.16
"	1916—	6.02	29.33	5.48	26.69
"	1917—	7.39	35.97	6.85	33.36
"	1918—Nov. 9, 1918	7.44			
	(Armistice)	7.07	34.48	6.52	31.75
Nov. 10, 1918—Mar. 30, 1919	6.47				

FRANCE

	Average monthly war expenditures		Average daily war expenditures
	<i>fr.</i>	<i>\$</i>	<i>\$</i>
Aug. 3—Dec. 31, 1914	1,318	254	8.5
Jan. 1—Dec. 31, 1915	1,900	367	12.2
" — " 1916	2,743	529	17.6
" — " 1917	3,360	648	32.4

GERMANY

	Average monthly war expenditures		Average daily war expenditures
	<i>Mk.</i>		<i>Mk.</i> <i>\$</i>
Aug. 1, 1914—June 30, 1915	1,675		55.8 13.3
July 1, 1915— " 1916	2,008		66.9 15.9
" 1916— " 1917	2,867		95.6 22.7
" 1917— " 1918	3,908		130.3 31.
" 1918—Dec. 31, 1918	4,358		145.2 34.5

ITALY

	Annual expenditures ²		Average daily expenditures
	<i>li.</i>	<i>\$</i>	<i>\$</i>
July 1, 1915—June 30, 1916	3,351	1,612	4.4
" 1916— " 1917	14,132	2,727	7.5
" 1917— " 1918	19,734	3,808	10.4
" 1918—Oct. 31, 1918	9,726	1,977	6.5

RUSSIA

	Annual war expenditures		Average daily war expenditures
	<i>ru.</i>	<i>\$</i>	<i>\$</i>
Aug. 1, 1914—Dec. 31, 1914	1,703	877	5.8
Jan. 1, — " 1915	9,194	4,735	12.9
" — " 1916	15,372	7,916	21.6
" —Oct. 30, 1917	25,231	12,993	47.0

AUSTRIA³

	Annual war expenditures		Average daily war expenditures
	<i>Kr.</i>	<i>\$</i>	<i>\$</i>
July 28, 1914—June 30, 1915	10,706	2,174	6.4
July 1, 1915— " 1916	15,726	3,192	8.7
" 1916— " 1917	18,788	3,812	10.4
" 1917— " 1918	22,170	4,500	12.3

¹ Arrived at by deducting the expenditures for the year 1913-1914 (197 millions) from the total expenditures.

² Not including payments abroad.

³ The figures for Hungary are not available; but as the total expenditures of Hungary during the four years were about one third of those of Austria, it is safe to add that proportion to the Austrian expenditures in order to ascertain the average daily war expenditures of Austria-Hungary.

When the United States entered the war, the scale of operations became so gigantic that the daily war expenditures soon far exceeded those of any other belligerent. In the second month of the war the average daily expenditures for war purposes reached 15 million dollars, and a little over a year later they had risen to almost 50 million. By the end of 1918, as appears from table B, the daily average war expenditures attained the staggering sum of 64½ million dollars, almost double those of Great Britain and far exceeding those of any other belligerent.

We come next to the total cost of the war. In attempting to present the comparative statistics on this point, we must be mindful of the difficulties adverted to above. The figures are not quite accurate and cannot be made entirely accurate for several reasons. In the first place, the last date in the official return differs from country to country. The dates are, however, all subsequent to the armistice, with the exception of Russia, where we have no trustworthy figures after the October revolution in 1917. In the second place, we do not know, except in the case of the United States and Great Britain, whether the figures comprise the total expenditures or only the purely war expenditures. Even in the case of the United States the official figures are not quite accurate, as will be seen below.⁴ Moreover, in the case of Japan as well as some of the minor belligerents, no figures are included because the war expenditures were either virtually non-existent or of an exceedingly insignificant amount.

Making allowance for these points, it will be seen from table C that the total war expenditures amount to about 232 billion dollars. From this sum, however, must be deducted the amounts counted twice, because advanced to their allies by the United States, Great Britain, France, and Germany, aggregating a little over 21 billions. This would bring the actual net war expenses to over 210 billion dollars.⁵ Inasmuch, however, as most of the countries will continue, for some little time in the future, to have expenditures attributable to the war, it is probable that the total war expenditures will, by the end of 1920, amount to over 236 billions, or, deducting the advances to allies, to a little less than

⁴ *Infra*, p. 753, note to table H.

⁵ For France we have taken the total five-year expenditures as stated by Minister Klotz in 1919 (192 billion francs) and have deducted 23 billions, as representing the peace expenditures for the four and a half year period, thus leaving a remainder of 169 billion francs or 31½ billion dollars.

TABLE B.—EXPENDITURES OF THE UNITED STATES.
(In millions)

Period	Monthly expenditures exclusive of the principal of the public debt and of postal expenditures	Monthly war expenditures ¹	Average daily war expenditures
1917: Apr. 6-30	\$279	\$219	\$8.0
May	527	467	15.0
June	410	350	11.7
Total, Apr. 6-June 30	\$1,216	\$1,156	
July	662	602	19.4
August	757	697	22.5
September	746	686	22.9
October	944	884	29.5
November	986	926	30.9
December	1,105	1,045	33.7
1918: January	1,090	1,030	33.2
February	1,012	952	34.0
March	1,156	1,096	35.9
April	1,215	1,155	38.5
May	1,508	1,448	46.7
June	1,512	1,452	48.4
Total, fiscal year 1918	\$12,697	\$11,977	
1918: July	1,608	1,548	49.9
August	1,805	1,745	56.8
September	1,557	1,497	49.9
October	1,665	1,605	51.8
November	1,935	1,875	62.5
December	2,061	2,001	64.5
1919: January	1,962	1,902	61.4
February	1,189	1,129	40.0
March	1,379	1,319	42.5
April	1,429	1,369	45.6
May	1,112	1,052	33.9
June	809	749	24.9
Total, fiscal year 1919	\$18,505	\$17,785	
Total, Apr. 6, 1917-June 30, 1919	\$32,428	\$30,918	

¹ Obtained by deducting one twelfth of the annual (peace) expenditures for 1915-1916 exclusive of postal expenditures: *i.e.*, one twelfth of \$1,008—287 millions = 60 millions. Secretary Glass in his *Letter of July 9, 1919, to the Chairman on the Committee on Ways and Means* excludes postal expenditures in the first column, but fails to exclude them when making the deduction for peace expenditures. He consequently arrives at the figure of \$30,177 millions as the cost of the war. The total of \$30,918 millions given above does not, however, represent accurately the war expenditures, as the figures are based on the provisional daily treasury statements used by Secretary Glass. The correct total, arrived at in another way, will be found in table H below. But the above figures are the only ones available for calculating the monthly and daily expenditures.

215 billions. This may be accepted as a fairly accurate statement of the real money cost of the war.⁶

TABLE C.—TOTAL WAR EXPENDITURES
(In millions)

Great Britain.....	Aug. 4, 1914 - Mar. 31, 1919	£8,601	\$41,887
Australia	" " " - " " "	291	1,461
New Zealand.....	" " " - " " "	76	365
Canada	" " " - Aug. " "		1,545
South Africa	" " " - Mar. " "	33	243
India	" " " - " " "	119	584
British Empire			\$46,085
France	Aug. 3, 1914 - Mar. 31, 1919 fr.	169,000	32,617
Russia	Aug. 1, 1914 - Oct. 31, 1917 ru.	51,500	26,522
Italy	May 23, 1915 - May " 1919 li.	81,016	15,636 ¹
Belgium	Aug. 2, 1914 - Oct. " 1918 fr.	5,900	1,387
Rumania	" 27, 1916 - " " "		907
Serbia	July 28, 1914 - " " "		635
United States	April 5, 1917 - June 30, 1919		32,261
Entente Powers			156,050
Germany	Aug. 1, 1914 - Oct. 31, 1919 mk.	204,268	48,616 ²
Austria-Hungary..	July 28, " - July " " kr.	119,504	24,858 ³
Turkey	Nov. 3, " - Oct. " 1918		1,802
Bulgaria	Oct. 4, 1915 - " " "		732
Central Powers			76,008
Total			\$232,058
Loans to Allies			
Great Britain		£1,739	\$8,467
France		fr. 6,700	1,293
Germany		mk. 9,500	2,261
United States			9,102
Total			21,123
Total net war expenditures.....			\$210,935

¹ The total expenditures were li. 91,016 millions. Deducting 10,000 millions for four years of peace expenditures leaves 81,016.

² Obtained by adding to the war debt as found in table R approximately 5 billion marks of war expenditures paid out of revenue.

³ Obtained by using the figures of war debt as found in table R.

II

The question now arises as to the steps taken by the various countries to meet these stupendous outlays. Of the older expedients, such as war treasures or the sale of public property, there was naturally no question. In Germany alone was there a war

⁶ These figures are considerably larger than those given by Ayres and other writers. But none of these authors uses the latest, and much augmented, official figures for France, Italy, and especially Germany.

treasure. But, as even this was so small as to be well nigh negligible, it follows that the only two available resources were taxation and borrowing.

When we compare these two expedients we are struck not only by the great difference in the theories of war finance followed by the various countries, but also by the diversity in the economic conditions which largely influenced the choice. In general, it may be said that all countries were compelled to rely to an overwhelming extent on public loans, but that Great Britain and the United States raised a greater share by taxation than did other countries. Italy, for instance, was able to secure by new taxation only just about enough to pay the interest on the war loans; Germany accomplished this only in part; while France was not in a position to defray any of her war expenses from taxation. The same is true of the other belligerents, with the exception of some of the British colonies.

Proceeding to consider this matter in detail, we shall first attempt to set forth the facts as to war taxation.

Great Britain, as the wealthiest of the belligerents, adopted at the outbreak of war the praiseworthy method of endeavoring to raise as much as possible from taxation. From year to year, as the expenses mounted up, continually more demands were made upon the taxpayer. The war expenditures were, however, so prodigious that it soon turned out to be impracticable to obtain more than a comparatively small proportion of the total outlay from taxation. The figures ordinarily advanced to illustrate this point do not, however, give a true picture of the situation. The statements made by the various chancellors of the exchequer, and repeated by all commentators, are based on the proportion that total taxes bear to total expenditures. This method of calculation, as will be seen from table D, shows that almost a quarter of the total expenditures or, to be more exact, 24.9 per cent, was derived from taxes. These figures, however, involve a double error. In the first place, the really significant problem is to ascertain the war expenditures, not simply the total expenditures. War expenditures can best be obtained, as we have seen, by deducting from the total annual expenditures the expenditures for the last full year of peace. In the second place, what is significant is not the total yield of all taxes, but the proceeds of war taxes, that is, the proceeds of the additional taxes raised during the war. These again can be obtained by deducting from the total tax revenue the

yield of the taxes during the last full year of peace. If then we endeavor to ascertain how much of the war expenditures were met by war taxes—and this is really the important problem—we find that, immense as were the burdens resting upon the British taxpayer, the percentage of war expenditures raised by war taxes was much smaller than is usually stated. As a matter of fact, as appears from table D, in the first year of war only a little over 7 per cent of the total war expenditures were raised from war taxes. With every succeeding year, indeed, the percentage increased until in the last year of war, 1918-1919, slightly over one quarter of the war expenditures were met from war taxes. For the entire five years, however, the proportion of war taxes to war expenditures was about 17 per cent. In other words, only a little more than one sixth of the war expenditures in Great Britain was derived from war taxes. Even if we exclude from the war expenditures the sums advanced to the Allies—and the Chancellor of the Exchequer,

TABLE D.—WAR EXPENDITURES OF GREAT BRITAIN.
(In millions sterling)

	Year ending March 30					Total for the five years 1915-1919
	1915	1916	1917	1918	1919	
	£	£	£	£	£	£
Total expenditures	560	1,559	2,198	2,696	2,579	9,592
War expenditures ¹	357	1,362	2,001	2,499	2,382	8,601
Loans to Allies and Dominions						1,739
Revenues other than loans	227	337	573	707	889	2,733
Tax revenues	189	290	514	613	784	2,390
War tax revenues ²	26	127	351	450	621	1,475
	P.c.	P.c.	P.c.	P.c.	P.c.	P.c.
Proportion of total expenditures from non-loan revenues	40.5	21.6	25.1	26.2	34.1	28.1
Proportion of total expenditures from taxes	33.7	18.6	22.4	22.7	30.4	24.9
Proportion of war expenditures from war taxes	7.3	9.3	17.5	18.0	26.0	17.1
Proportion of net war expenditures (less loans to Allies and Dominions) from war taxes						21.2

¹ Obtained by deducting from the total expenditures each year the peace expenditures for 1914, amounting to 197 millions.

² Obtained by deducting from the tax revenues the 1914 tax revenue, amounting to 163 millions.

Mr. Chamberlain, thinks it safe to allow for only half of this amount—the proportion would be a little over 21 per cent or slightly more than one fifth. These figures are much less than is ordinarily stated. But even this proportion of revenue derived from taxation was sufficient to maintain the credit of Great Britain.

In the other belligerent countries, the showing was by no means so good. France struggled under a double difficulty. In the first place, France was invaded at the outset of the war; and the territory occupied, although relatively small in extent, represented the richest and the most industrially developed part of the country. This operated largely to reduce the ordinary revenue. In the second place, the resultant economic confusion, as well as the general political situation, rendered it difficult to impose any new taxes at all. The consequence, as will be seen from table E, was that for the first three years of the war the tax revenues of France were actually smaller than before the war and that as a result they did not suffice even to defray the ordinary peace expenditures, not to speak of making any contribution to war expenditures.

TABLE E.—REVENUES OF FRANCE.
(In million francs)

	1913	1914	1915	1916	1917	1918
Direct taxes	634	496	437	893	1,017	727
Tax on war profits.....	....	....	....	....	193	714
Tax on intangibles.....	138	153	158	181	242	252
Stamps	1,086	117	612	683	895	1,143
Indirect taxes	903	745	714	520	692	734
Import duties	754	577	764	1,556	1,785	1,814
Tax on sales.....	....	....	....	....	....	210
Monopolies	1,035	931	844	943	1,108	1,154
Miscellaneous	539	290	270	240	254	285
Total	5,089	3,982	3,801	4,818	6,306	6,533

After a while, indeed, France found it possible to levy some war taxes; but, as appears from table E, these were exceedingly slight compared with what had been accomplished in Great Britain. The consequence is that the new war taxes of France were only just about sufficient to make up the deficit in the ordinary peace budget—a deficit caused chiefly by the devastation of the occupied territory. In France, therefore, we may conclude that no part of the war expenditures was met by war taxes. A share of the responsibility for this fact must, however, be laid at the doors of the

government, which disclosed an unwarrantable timidity in levying taxes. The natural results of the adoption of the loan policy in the fiscal conduct of the war are seen in the exaggerated rise of prices, the depreciation of the franc, and the serious condition of finances in France today.

In Italy the situation was a little better. Italy had not been invaded, and its financial situation was not so desperate as that of France. Moreover, Italy entered the war somewhat later and was not compelled to endure the strain for so long a time. Italy consequently proceeded as soon as possible to levy new war taxes; but, as she had always been relatively overtaxed as compared with Great Britain, it was not feasible to do as much. As a result, the war taxes levied by Italy were just about sufficient to pay the interest on the war loans. While Italy, therefore, did better than France, she also was not able to defray any of the war expenditures proper out of war taxation.

The condition of Russia soon became worse than that of France and Italy; and even before the October revolution in 1917 Russia was able to put very little reliance upon revenue from war taxation.

Among the Central Powers the situation was much the same, but for a different reason. Germany at the outset of the war, had so confidently counted upon victory, with resultant huge indemnities, that it resolved to follow the loan policy, at all events so far as the imperial government was concerned. For it must be remembered, that in Germany a not insignificant part of the war expenses was met by the separate states; and in the states a considerable increase of taxation was provided for at once. As the war proceeded, however, and the hopes of a speedy and complete victory gradually faded away, Germany began to change her policy and now decided, especially from 1916 on, to impose more and more taxes. The result was that by the end of the war, Germany had done a little better than France although a little less well than Italy. The figures for the chief continental belligerents are given in table F.

If the latest figures as represented by Minister Erzberger are used, the showing is not appreciably more favorable. According to these figures, of the total war expenditures to October, 1919, of about 204 billion marks, about 5 billions were derived from other sources than loans.

We come, finally, to the experience of the United States. When

TABLE F.—REVENUES AND LOANS: FRANCE, ITALY, GERMANY.
(In millions)

FRANCE			
	Expenditures		Income
	<i>fr.</i>		<i>fr.</i>
Aug. 1, 1914-Mar. 31, 1919.....	174,500	Loans	159,400
Advances to Allies.....	6,700	Other revenues ..	22,500
	<hr/>		<hr/>
	181,200		181,900
Foreign debts and other minor items..	11,000		
	<hr/>		
Total	192,200		
Annual revenues before the war.....			5,000
Total peace revenues during the war period.....			24,000
Hence the total non-loan revenues during the war did not quite equal the peace revenues calculated on the pre-war basis.			
ITALY			
	Expenditures		Income
	<i>li.</i>		<i>li.</i>
May, 1915-June 30, 1918.....	87,516	Loans	64,132
Still due	3,500	Other revenues ..	26,034
	<hr/>		<hr/>
Total	91,016	Total	90,166
Annual peace revenues			2,687
Total peace revenues during the war period.....			13,435
Deducting 13,435 from 26,034 leaves as war revenue.....			12,599
Hence the war revenues barely sufficed to pay the interest on the war loans.			
GERMANY			
	Expenditures		Income
	<i>mk.</i>		<i>mk.</i>
Aug. 1, 1914-Dec. 31, 1918.....	170,300	Loans	153,000
		Other revenues ..	17,000
			<hr/>
		Total	170,000
Annual peace revenues (1913).....			3,200
Total peace revenues for 4½ years of war.....			14,400
Deducting 14,400 from 17,000 leaves as war revenue.....			2,600

the United States entered the war, it was confronted by the two rival theories of public finance. One was to the effect that the war expenses should be defrayed entirely by loans, as had been the case in the early years of the Civil War and which was true, as we have just seen, of many of the belligerents during this war. The other theory, advanced especially in the famous Minnesota memorandum, was that the war expenditures ought to be defrayed entirely out of war taxes. This theory was equally as extreme and as perilous as the loan policy and labored under the additional disadvantage of being impossible of achievement. The President went so far as to proclaim the fifty-fifty per cent theory, namely that one half of the war expenditures ought to be defrayed from war taxation. But even this turned out, as was to have been

expected and as was pointed out by the present writer among others, to be far more than was possible.

The prodigious profits made during the opening years of the European war and the resulting prosperity throughout the country enabled Congress to levy taxes far higher than had ever before been attempted in our history. Even with an immense addition to taxation, however, the proportion derived from war taxes was relatively small, and in fact considerably smaller than is ordinarily stated. Here, again, we must observe the same caution as in the case of the British figures. We must not compare the total expenditures of the war period with the total taxes of the war period, but war expenditures with war taxes—which is something very different. In tables G and H an attempt is made, on the basis of certain official figures, to arrive at correct results. The explanation of the methods of calculation is found in the notes appended to the tables; and the reasons for the difference between the results here given and the statements of the secretaries of the treasury are presented in the general note below.⁷

⁷ The figures contained in tables G and H, unless otherwise stated or calculated from preceding figures, are taken from the annual *Report of the Secretary of the Treasury on the Finances* for the year 1918. For 1919 where the annual report is not yet available we have taken the figures as presented by Secretary Glass in his *Letter of July 9, 1919 to the Chairman of the Committee of Ways and Means*. The figures for postal revenues and expenditures are the estimates of the department.

The figures as presented in the tables, do not, however, always agree with the official statements. In the first place it is difficult to know what are the official figures, as they frequently differ among themselves. For instance, the figures found in the tables of the *Annual Report* for 1918, pages 480 *et seq.* (hereinafter called A), do not tally with those in the text of Secretary McAdoo's comments in the *Annual Report*, pages 3-5 (hereinafter called B), nor with the figures of Secretary Glass in his *Letter of July 9* (hereinafter called C). In some cases the discrepancies are serious.

Thus in A the receipts for 1917 are given (including postal receipts of 330 millions) as 3,845 millions; in B, as 3,552 (excluding postal). For 1918 again, the receipts are given in A as 21,490 millions (including postal receipts of 344 millions); in B, as 21,155 millions (excluding postal). In A the disbursements for 1917 are given as 3,046 millions (including postal disbursements of 320 millions); in B, as 2,704 (excluding postal). For 1918 the respective discrepancies are: A, 21,813; B, 20,903. Even in minor details there are no agreements. Thus public debt receipts are given for 1917 in A as 2,391 millions; in B, as 2,428 millions. For 1918 the figures are respectively: A, 16,965; B, 16,975. Public debt disbursements are given for 1917 in A as 637; in B, as 678 millions. For 1918 they are given in A as 7,685; in B, as 7,707 millions. If there is any significance in the fact that A gives tables of

As a result of the calculations found in tables G and H it appears that during the first quarter year of war, ending June 30, 1917, the proportion of war expenditures derived from war "Receipts and Disbursements" while B gives tables of "Receipts and Expenditures," it is not apparent from the report itself.

The discrepancies between A and C are more glaring. But as Secretary Glass is able to present only preliminary figures for the respective periods, on the basis of the daily treasury statements, these discrepancies may be overlooked.

In the second place, considerable confusion results from the absurd system still followed in the United States, whereby postal revenues and expenditures go through the post office accounts and only the surplus or deficiency passes through the treasury accounts. Several years ago the present writer succeeded in inducing the Treasury Department to bring about a change to this extent that the annual treasury statements are now made up in both ways, *viz.*, as revenues and expenditures inclusive and exclusive of postal revenues and expenditures respectively. Yet these differences are often overlooked. For instance, when Secretary Glass discusses in his *Letter of July 9, 1919*, the cost of the war, he employs the daily treasury statements which do not include the postal figures. As a consequence, his statement of total revenues and expenditures are quite different from those of Secretary McAdoo in the latter's discussion of the cost of the war.

In the third place, neither Secretary McAdoo nor Secretary Glass, in calculating the proportion borne by loans and taxes in meeting the war expenses, attempts to ascertain the really significant fact—*viz.*, the proportion of war expenditures met from war taxes. None of the official figures are of any help here.

The present writer has therefore been compelled to make his own calculations. Whenever possible, the figures have been taken from the statements in the detailed tables published in the *Annual Report of the Secretary of the Treasury*. The combinations, however, as found in this article are not presented anywhere in the official statements.

Some of the results reached in this article which differ materially from the official statements, are as follows:

The total cost of the war to June 30, 1919, is given by Secretary Glass as \$30,117 millions, whereas the more accurate computation results in a total cost of \$32,361 millions. Secretary Glass's figures involve a double error. In the first place, they are based on the preliminary daily treasury statements which are confessedly not final; and, as explained in the note to table B (p. 746 *supra*), he fails to allow for postal expenditures. Again, Secretary McAdoo states that in 1917 55 per cent of the expenditures were paid from revenue receipts, and in 1918 31.6 per cent; whereas the correct figures are 60.4 per cent and 33.8 per cent respectively, and the really significant figures (the proportion of war expenditures from war taxes) are 30 and 24.8 per cent respectively. In the same way, Secretary Glass states that 29 per cent of the expenditures for the war period were met from tax receipts and other revenue, whereas the correct figures are 33.2 per cent, and the really significant figure is 23.3 per cent.

taxes was less than one third or, more exactly, 30 per cent. If we exclude from the expenditures the loans to the Allies, on the assumption that they will all be repaid some day, the showing in the first three months is, of course, much better, as two thirds of the expenditures of that period consisted of such loans. However, as soon as we struck our full gait, the situation was far less satisfactory. During the year 1917-1918 the proportion of war expenditures derived from war taxes was less than a quarter or, more exactly, only 24.8 per cent; and even if we again exclude loans to Allies, which now constituted about one third of the whole, only 30 per cent of the expenditures were derived from war taxes. In the final year of the war the showing was still less favorable, the figures being respectively 21.7 per cent and 27 per cent, *i.e.*, a little over one fifth or one fourth respectively. For the entire period of our participation in the war it appears that less than one fourth (or exactly 23.3 per cent) of the war expenditures were paid out of war taxes. And if the loans to Allies are again excluded, the proportion is still under one third or, more exactly, 32.5 per cent.

These figures disclose two significant facts. In the first place, the relative revenue derived from war taxes became smaller, instead of larger, as the war proceeded. This unusual and unexpected result is, of course, due to the stupendous growth of war expenditures which rapidly overtook even the largely increased revenues from war taxes. It was impossible, even by stretching the tax revenues to the utmost, to begin to keep pace with the huge growth in the war outlays. In the second place, we are struck by the great disparity between the actual facts and the fifty-fifty per cent program originally suggested by Secretary McAdoo and adopted in the recommendation of President Wilson—not to speak of the 100 per cent program of the Minnesota memorialists.

III

The next point of interest is the character of the war taxes imposed by the various countries. Here again we notice great variations. Although the policy of taking a substantial share of war profits by taxation was almost everywhere adopted as a matter of principle, it was applied very differently in various countries. As a matter of fact, in almost all of the continental countries, about as much additional revenue was raised from indirect as from direct

TABLE G.—RECEIPTS AND DISBURSEMENTS OF THE UNITED STATES, 1915-1919.
(In millions)

Receipts	Year ending June 30				
	1915	1916	1917	1918	1919
Customs	\$211	\$213	\$226	\$183	\$184 ¹
Internal revenue	416	513	809	3,696	4,316 ¹
Miscellaneous	71	52	81	293	646 ¹
Total ordinary receipts	698	780	1,119	4,174	5,152 ²
Panama canal .....	....	....	6	6	6 ¹
Excess of deposits to retire national banknotes	4	32	....	....	....
Postal receipts	287	312	330	344	354 ⁴
Total (exclusive of principal of public debt) ⁵	989	1,126	1,455	4,795	5,506
Public debt receipts...	1	2	2,391	16,695	29,300 ⁶
Total	990	1,128	3,845	21,490	34,806 ⁶
Disbursements					
Ordinary (exclusive of postal)	\$725	\$719	\$2,067	\$13,769 ⁷	\$18,515 ¹⁰
Including loans to Allies	....	....	(885) ⁷	(4,738) ⁷	(3,479) ⁷
Panama	29	18	19	21	....
Postal	294	312	320	327	354 ¹¹
Excess of national banknotes retired over deposits .....	....	....	3	11	....
Total (exclusive of principal of public debt)	1,048 ⁸	1,048 ⁸	2,409 ⁸	14,127 ⁸	18,869 ¹²
Public debt disbursements	0.05	0.04	637	7,686	15,860 ¹³
Total	\$1,048	\$1,048	\$3,046	\$21,813	\$34,729 ¹⁴

¹ From the *Letter of Secretary Glass to the Chairman of the Committee of Ways and Means, July 9, 1919.*

² Obtained by deducting from the "total of all receipts" in the *Report of the Secretary of the Treasury, 1918*, p. 484, the "total public debt receipts," *ibid.*

³ Includes the 6 millions Panama receipts.

⁴ Estimated, by the Secretary of the Treasury (*Annual Report, 1918*, p. 145).

⁵ Obtained by deducting from the "public debt receipts, Apr. 6, 1917-June 30, 1919," as given by Secretary Glass in his *Letter of July 9, 1919* (48,386 millions) the public debt receipts as stated in table above for 1917 and 1918.

⁶ Obtained by adding the various items specified.

⁷ As stated by Secretary Glass in his *Letter of July 9, 1919*, p. 4.

⁸ Obtained by deducting from total the public debt disbursements.

⁹ As stated in the *Annual Report on the Finances*. Secretary Glass (*op. cit.*, p. 4) gives total disbursements other than principal of public debt as 12,697 millions.

¹⁰ As stated by Secretary Glass, *op. cit.*, p. 4.

¹¹ As estimated by Secretary McAdoo in the *Annual Report* for 1918.

¹² Obtained by adding the two items above.

¹³ Obtained by deducting from the public debt disbursements, Apr. 5, 1917-June 30, 1919, as stated by Secretary Glass, *op. cit.* (\$24,183) the public debt disbursements for 1917 and 1918, as given above in the table.

¹⁴ Obtained by adding the two items above.

TABLE H.—RECEIPTS AND EXPENDITURES OF THE UNITED STATES, APRIL 5, 1917-JUNE 30, 1919.
(In millions)

	1917	1918	1919	Total for period Apr. 5, 1917-June 30, 1919
Total disbursements ¹	\$3,046	\$21,813	\$34,729	\$59,588 ⁵
Total expenditures, exclusive of principal of the public debt ²	2,409	14,127	18,869	35,405 ⁵
War expenditures ³	1,361	13,079	17,821	32,261
Loans to Allies ⁴	885	4,738	3,479	9,102
War expenditures exclusive of loans to Allies	476	8,341	14,342	23,159
Revenue exclusive of public debt ⁴	1,455	4,795	5,506	11,756
Tax revenues ³	1,035	3,879	4,500	9,414
War tax revenues ⁴	409	3,253	3,874	7,536
	<i>P.c.</i>	<i>P.c.</i>	<i>P.c.</i>	<i>P.c.</i>
Proportion of total expenditures from non-loan revenues	60.4	33.8	29.1	33.2
Proportion of total expenditures from taxes	42.9	27.4	23.8	26.5
Proportion of war expenditures from war taxes	30.	24.8	21.7	23.3
Proportion of war expenditures exclusive of loans to Allies from war taxes	85.7	39.	27.	32.5

¹ From table G.² Obtained by deducting from total expenditures the (peace) expenditures of 1915 (\$1,048).³ Obtained by adding the customs and the internal revenue.⁴ Obtained by deducting from the tax revenues the tax revenues for 1915 (626 millions).⁵ Total for the three fiscal years 1917, 1918, 1919.

taxation. Indeed, in France considerably more revenue was designed to be raised from indirect taxes, including taxes on consumption, than from direct taxation or taxes on wealth. The respective figures, as appears from table I, are about 60 per cent for indirect and 40 per cent for direct taxes. In actual result, the increase due to indirect taxation was not so great as had been expected, due partly to the fact that the war profits tax yielded much more than had been anticipated (907 million francs instead of 540 millions), but above all because the tax on sales produced in the first year far less than had been hoped for (210 instead of 800 million francs). As a consequence, the proportions derived from direct and indirect taxes were actually just the reverse of those mentioned above, namely about 60 per cent from direct and about 40 per cent from indirect taxes.

TABLE I.—REVENUE EXPECTED FROM INCREASED TAXES IN FRANCE, 1914-1918.
(In million francs)

Direct		Indirect	
War profits tax.....	540	Alcoholic drinks	75
Military war tax.....	12.5	Non-alcoholic drinks..	85
Income tax	250	Druggists specialties..	12
"Assimilated taxes" ..	24	Sugar	90
Inheritance tax	148	Colonial products	70
Intangibles	38	Tobacco	80
Land tax	30	Postage	58.5
		Theatres	10
		Sales	800
	1,042.5		1,280.5
Additions of June, 1918:		Additions of June, 1918:	
Income tax } ...	56	Stamp taxes	76
Inheritance tax }		Other indirect taxes	333
	1,098.5		1,689.5
	or 39.3 per cent		or 60.7 per cent

In Italy, where the new war taxes were imposed at once in 1915, it was expected that the war profits tax (at the rate of from 8 to 20 per cent) would yield about 55 million lire, and the augmented taxes on incomes and business about 220 millions, or a total of 275 millions from direct taxes compared with an estimated revenue of 110 millions from various increases in indirect taxes.

In 1916, however, while the rate of the war profits tax was increased so as to vary from 20 to 60 per cent and that of the income tax to about 16 per cent, the stamp taxes were raised and the number of state monopolies was increased. The same policy was followed during the next year so that by the end of the war, in addition to the old government monopolies on tobacco, salt, matches, lotteries, and cards, we now find monopolies on coffee, paraffine, and mineral oils, quinine, and various minor objects. The result was that in 1918 just about as much additional revenue was derived from the new indirect taxes as from the new direct taxes. The exact figures are as follows: the direct taxes, technically so called, yielded 1500 million lire and the business taxes 560 millions, or a total of 2,060 millions. On the other hand, the increased revenue from monopolies amounted to 1,060 millions and that from the new consumption taxes 950 millions, or a total of 2,010 millions. In Italy, therefore, the balance was kept just about even between the two great categories of taxation.

In Germany when the government finally decided to resort to taxation in 1915, no effort was made to impose any new taxes on

incomes or inheritances. For the feeling was still very strong that income and property taxes ought to be left to the separate states, which had in the meantime considerably increased their revenue from such sources. A federal tax on war profits was, however, imposed. On the other hand, the tax on tobacco was largely increased, a high tax was levied on bills of lading, and a considerable augmentation was made in postal, telegraph, and telephone rates. From all these sources an additional revenue of about 500 million marks was expected. When the bill passed through the Reichstag, a tax on sales was added, estimated to yield about 130 millions. In the next year, 1917, the war profits tax was considerably increased, so as to produce about 400 million marks additional; but, on the other hand, a high tax on coal was now imposed, designed to yield 500 million marks and provision was made for a tax on railroad transportation to yield 310 millions. Finally, in 1918, the government recognized the necessity for very much greater revenues from taxation and a law provided for additional receipts estimated at 3 billions of marks, on the one hand, from an increased tax on war profits and, on the other, from taxes on sales, luxuries, and higher rates on drinks and postal communication. The exact figures as to the proportion between the two categories of taxation are not yet available; but it is quite safe to say that in the federal government, at least, the revenue from indirect taxes considerably exceeded that from direct taxes. In the separate commonwealths the situation was the reverse, without, however, materially changing the general result.

In contrast to all the continental countries, England pursued from the outset a different path. It is true that a considerable increase of revenue was derived from indirect taxes like customs and excises. From 1914 to 1919, for instance, the customs revenues were actually trebled and the yield of the excise taxes increased about 50 per cent. But the chief reliance for meeting the war expenditures was placed on a new war profits tax and an augmented income tax. The rate of the war profits tax was raised gradually from 50 to 60, and finally to 80 per cent; and the income tax rates were progressively increased until from a quarter to a third of very moderate incomes and over a half of larger incomes were taken for the state. In the last year of the war, as appears from table K, over three quarters of the tax revenue was derived from direct taxes on wealth. This is a great contrast to the fiscal history of previous wars.

TABLE K.—SOURCES OF REVENUE IN GREAT BRITAIN, 1914-1919.
(In millions)

	Year ending March 30											
	1914		1915		1916		1917		1918		1919	
	£	P.c.	£	P.c.	£	P.c.	£	P.c.	£	P.c.	£	P.c.
Customs	35	17.8	39	6.9	60	4	71	3	71	3.3	103	4
Excise	40	20	42	7.5	61	4	56	2.2	39	1.4	59	2.2
Estate duties	27	13.8	28	5	31	2	31	1.4	32	1.2	30	1.1
Stamps	10	5	6	1.3	7	0.4	8	0.3	8	0.3	12	0.5
Land tax .....	.7	0.4	.7	0.1	.7	0.04	.6	0.03	.7	0.04	.6	0.02
House duty	2	1	2	0.3	2	0.1	2	0.09	2	0.09	2	0.7
Income tax	47	23.8	69	12.4	128	9	205	9	240	8.9	291	11.2
Excess profits tax..	—	—	—	—	.1	0.01	140	6	220	7.3	285	11
Land values tax..	.7	0.4	.4	0.1	.4	0.02	.5	0.03	.7	0.03	.7	0.02
Total tax revenues	163	82.2	189	33.6	290	19.17	514	22.27	613	22.56	784	30.74
Postal, Telg., Tel..	31	15.5	30	5.3	34	2.1	34	1.4	35	1.4	40	1.6
Crown lands.....	.5	0.3	.5	0.1	.5	0.03	.6	0.03	.7	0.04	.8	0.02
Suez Canal shares..	2	1	1	0.3	2	1	8	0.2	6	0.3	19	0.44
Miscellaneous	2	1	6	1	10	0.7	17	0.5	52	2	52	2
Non-tax revenues	35	17.8	37	6.8	47	3.83	59	2.13	94	3.74	105	4.06
Total tax and non-tax revenues	198	100	227	40.4	337	23	573	24.4	707	26.3	889	34.8
Loans	3		407	59.6	1,165	77	1,626	75.6	1,983	73.7	1,682	65.2
Total revenues..	202		633	100	1,501	100	2,199	100	2,691	100	2,571	100
Total expenditures	197		560		1,559		2,198		2,696		2,579	
Interest on debt..	24		23		60		127		190		270	

In the United States, also, we find the democratic movement so strong that the overwhelming proportion of the new tax revenue was derived from direct taxation on wealth rather than from indirect taxes on consumption or transactions. Although the excess profits tax was not at first levied at rates as high as in Great Britain, the remarkable prosperity of the country resulted in large revenues from this source. And while the income tax did not reach in the lower stages so high a level as the British, the rates in the upper schedules were made considerably higher, finally attaining the unheard of figures of 77 per cent. As a result of the revenue act of 1917 over 79 per cent of the tax revenue came from direct taxation, principally the income tax and the excess profits tax. As a consequence of the second great revenue act of 1918, the proportions were still more favorable, the amount ascribable to direct taxation in 1919 being, as appears from table L, in reality almost 81 per cent although the introduction of the system of payment by instalments somewhat obscures this result.

TABLE L.—INTERNAL REVENUE RECEIPTS OF THE UNITED STATES, 1918, 1919.
(In millions)

	Year ending June 30	
	1918	1919
Income and profits taxes.	\$2,839	\$2,596 ¹
Munition manufacturers tax	13	—
Estate tax	47	82
Corporate capital stock tax	25	29
Total taxes on wealth..	2,924 or 79.1 per cent	2,707 or 70.5 per cent
Distilled spirits	318	365
Fermented liquors	126	118
Tobacco	158	206
Stamp taxes	19	37
Transportation	71	234
Insurance	6	15
Excise taxes	37	78
Soft drinks	2	7
Admissions	26	51
Miscellaneous	8	22
Total taxes on consumption, transactions, and commodities	\$771 or 20.9 per cent	\$1,133 or 29.5 per cent
Total	\$3,695	\$3,840

¹ As the new taxes are payable in instalments, about 2 billions of the 1919 tax will not be received until the fiscal year 1920. Making allowance for this, the proportion of taxes on wealth really ascribable to the year 1919 rises to 80.6 per cent.

It thus appears that the United States succeeded even better than Great Britain in carrying through a democratic fiscal program in the war; and that the Anglo-Saxon countries disclose a very decided contrast to all the other belligerents. The consequences are apparent in the relatively more favorable situation in which Great Britain and the United States find themselves when confronting the problems of *post-bellum* finance.

IV

With the impossibility of securing more than a comparatively small proportion of the war expenditures from taxation, it became necessary everywhere to resort to borrowing. This was consequently done by all countries on a gigantic scale; although here again the fiscal and economic conditions in the various countries varied so widely that they employed quite diverse expedients.

Great Britain provided at the outset of the war for immediate needs by selling short-time securities, principally treasury bills. Before long, however, these had accumulated to such an extent that it became imperative to issue long-time bonds. Accordingly, subscriptions were invited to the first war loan which was issued in March, 1915, followed in June of the same year by a second war loan. These bore interest at the rate of $3\frac{1}{2}$ per cent and $4\frac{1}{2}$ per cent respectively and the amount issued was 332 and 592 millions sterling or 1,703 and 2,883 million dollars respectively. On February, 1916, an issue of war savings certificates was inaugurated. In April, 1917, the third war loan was issued at 4.5 per cent, yielding 941 millions sterling, or 4,403 million dollars, followed in June of the same year by an issue of 5 per cent exchequer bonds.

Beginning in October, 1917, a continuous issue of 4 per cent and 5 per cent national war bonds was made, the difference in the rate of interest being due to the tax exemption. The temporary and short-time paper was now gradually funded into these bonds. In the meantime the Anglo-French loan of 500 million dollars, of which England had one half, had been contracted in the United States; and with the entrance of the United States into the war, continually larger sums were borrowed from the American government. By the end of 1918, as will be seen from table M, almost 4 billions sterling, or considerably more than one half of the new debt, was in the form of relatively long-time domestic securities.

France was in a less favorable situation than Great Britain at the outbreak of the war. The total debt of France at the close of 1913 amounted to 32,594 million francs or 6,291 million dollars, and the ordinary budget had closed with a large deficit, so that it had been necessary to issue a loan during the spring and summer of 1914. When the war broke out, precipitating an economic and financial crash, it became practically impossible to issue another loan. The government was therefore compelled to rely upon advances from the Banque de France which was permitted correspondingly to increase its note issue. It was not until November, 1915, that France saw her way to invite subscriptions to her first war loan, which, although bearing interest at the rate of 5 per cent was issued at the low price of $87\frac{1}{4}$. This was followed in August, 1916, by the second war loan, also of 5 per cent bonds. In December, 1917, the third war loan was contracted and

in 1918 the fourth war loan. In these two latter cases France reverted to her old policy of discount bonds so that the issues fetched the price of only about 70. The nominal subscriptions to the loans were therefore quite different from the actual receipts in cash. Even the nominal sums yielded by these four loans, however, amounted to less than 70 billions of francs, so that the chief reliance of France had to be placed on floating debts like advances from the bank of France, on the so-called national defense bonds, which were issued continuously from February, 1915, and, finally, on the foreign loans contracted in England, United States, and Japan. The internal loans as a consequence constitute only about 40 per cent of the war debt, a result which is now proving a serious embarrassment in the French program of fiscal reconstruction.

Russia was the first of the Entente Powers to contract public loans. In September, 1914, Russia began with a 5 per cent issue at 94, followed at regular intervals up to the revolution of 1917 by six more loans. At that time about 6 billion dollars had been raised by relatively long-time securities, constituting, however, only a very small part of the entire debt.

Somewhat similar difficulties were experienced by Italy. The pre-war debt of Italy amounted to 13,636 million lire or 2,621 million dollars. Italy started in 1915 with the so-called mobilization loan followed by the first war loan in July, 1915, and by further war loans in January of each of the following years. Every successive loan showed an increase of the interest rate and a decrease of the issue price, thus disclosing the growing fiscal difficulties. The total proceeds of the internal war loans, as appears from table M, were only about 15 million lire. Italy, therefore, had also to depend primarily upon short-time securities, like treasury bonds and exchequer bills, upon advances from the banks, and upon loans from the Allies. As a matter of fact, less than 30 per cent of the new war debt consists of long-time internal war bonds.

Of the Central Powers, Germany followed a different plan from the outset. She decided to rely at once upon comparatively long-time bonds rather than upon temporary or short-time securities, and for several years prided herself upon her superiority in this respect over Great Britain and France. In October, 1914, a large war loan was issued at 5 per cent. There followed in regular succession eight more war loans bearing $4\frac{1}{2}$ per cent and 5 per cent respectively. During the earlier years of the war, accordingly,

the loan situation of Germany must be pronounced to have been more favorable than that of the other belligerents. Toward the end, however, as the difficulties increased, the internal loans did not suffice and Germany, like France and Italy, was now compelled to depend more and more upon a makeshift policy. Nevertheless, by the end of 1918, 98 billion marks out of a total war debt of 153 billions or about 64 per cent of the whole, was in the form of long-time internal bonds. This was a better showing than that of any of the other countries.

When the United States entered the war it depended for the time being on temporary war certificates. It was, however, soon decided to make a bold appeal to the public, and in June, 1917, subscriptions were invited to the first liberty loan, which was issued at par bearing interest at the rate of $3\frac{1}{2}$ per cent. Although the immense sum of 2 billion dollars was raised by the first loan, still greater efforts were made in the succeeding loans. In November, 1917, the second liberty loan was issued and, despite the original objections of Secretary McAdoo, it was found necessary to raise the rate of interest to 4 per cent. The loan yielded almost 4 billion dollars. In May, 1918, the third liberty loan was issued at $4\frac{1}{4}$ per cent interest, yielding over 4 billions. The greatest effort was, however, made in January, 1918, when subscriptions were invited to the fourth liberty loan, bearing $4\frac{1}{4}$ per cent interest, with a result that the unheard of sum of almost 7 billion dollars was subscribed. The last, or victory loan, was issued in April, 1919, bearing $4\frac{3}{4}$ per cent interest, and yielding about $5\frac{1}{4}$ billions. The consequence is that almost the entire war debt of the United States consists of relatively long-time and easily manageable domestic securities. In table M will be found the relevant facts as to the successive war loans of the chief belligerents.

Passing from the problem of long-time versus temporary loans, the final question is that of the total indebtedness of the various belligerents.

In Great Britain it still seems to be a question as to whether and to what extent the loans to the Allies are to be included in the war debt. The Chancellor of the Exchequer, as stated above, thinks it prudent to include one half of the amount. The result is, as shown in table N, that the British debt which amounted to 650 millions sterling, or 3,115 millions of dollars, just before the war, rose by the close of the fiscal year in 1919 to a total of 7,643

TABLE M.—WAR LOANS.
(In millions)

	Date	Rate	Issue price	Amount subscribed
<i>Great Britain</i>				£
First war loan....	Mar., 1915	3 1/2	95	332
Second " "	June "	4 1/2	100	592
Third " "	Apr., 1917	4-5	95-100	941
Exchequer bonds..	Mar., 1915	3	"	48
" " ..	Dec., 1915-Apr., 1917	5	100	516
" " ..	Oct., 1916	6	"	161
National war bonds	Oct., 1917-Oct., 1918	4-5	100-100 1/2	372
Total				3,962
<i>France</i>				fr.
First war loan....	Nov., 1915	5	87 1/4	15,305 ¹
Second " "	Aug., 1916	"	88 3/4	11,514 ¹
Third " "	Dec., 1917	4	68.6	14,803 ¹
Fourth " "	" 1918	"	70.8	27,853 ¹
Total				69,375 ¹
<i>Italy</i>				li.
Mobilization loan..	Jan., 1915	4 1/2	97	1,000
First war loan....	July "	"	93-95	1,146
Second " "	Jan., 1916	5	97 1/2	3,014
Third " "	" 1917	"	90	3,985
Fourth " "	" 1918	"	86 1/2	6,120
Total				15,266
<i>Russia</i>				ru.
First war loan....	Sept., 1914	5	94	500
Second " "	Mar., 1915	"	"	500
Third " "	May "	5-5 1/2	99	1,000
Fourth " "	Nov. "	5 1/2	95	1,000
Fifth " "	Feb., 1916	"	"	2,000
Sixth " "	Oct. "	"	"	3,000
Seventh " "	Mar., 1917	5	85	2,500
Total				10,500
<i>Germany</i>				Mk.
First war loan....	Sept., 1914	5	97 1/2	4,480
Second " "	Mar., 1915	"	98 1/2	9,106
Third " "	Sept. "	"	99	12,162
Fourth " "	Mar., 1916	4 1/2-5	95-98 1/2	10,767
Fifth " "	Sept. "	"	95-98	10,699
Sixth " "	Mar., 1917	"	98	12,979
Seventh " "	Sept. "	"	"	12,626
Eighth " "	Mar., 1918	"	"	14,789
Ninth " "	Sept. "	"	"	10,434
Total				98,052
<i>United States</i>				\$
First liberty loan..	June, 1917	3 1/2	100	2,000
Second " " ..	Nov. "	4	"	3,908
Third " " ..	May, 1918	4 1/4	"	4,177
Fourth " " ..	Sept. "	"	"	6,989
Victory loan.....	Apr., 1919	4 3/4	"	5,250
Total				22,225

¹ Nominal subscription.

millions sterling or \$37,221 millions of dollars. Inasmuch, however, as the Chancellor of the Exchequer asserted in his financial statement of April 30, 1919, that he expected to borrow about 250 millions sterling, or 1,217 millions of dollars, during the year 1919-1920, the debt of Great Britain at the end of 1920 will amount to almost 8 billions sterling or about 39 billion dollars. The war debt proper, therefore, at the end of that period may be expected to amount to $7\frac{1}{4}$ billions sterling or 35 billion dollars.

TABLE N.—PUBLIC DEBT OF GREAT BRITAIN.
(In millions)

	Year ending March 31					
	1914	1915	1916	1917	1918	1919
	£	£	£	£	£	£
Funded debt	587	583	318	318	318	318
Terminable annuities	30	28	26	24	22	22
3 ½ per cent bonds.....	—	349	63	63	63	63
4 ½ per cent bonds.....	—	—	900	20	16	16
4 and 5 per cent bonds...	—	—	—	2,119	2,090	2,090
National war bonds.....	—	—	—	—	649	1,716
Treasury bills	13	77	567	464	473	947
Exchequer bonds	20	67	177	320	392	393
War savings certificates...	—	—	1	74	138	227
War expenditure certificates	—	—	—	24	23	—
"Other debts"	—	—	9	317	944	1,345
American loan	—	—	51	51	51	51
Total	650	1,104	2,133	4,011	5,872	7,643 ¹

¹ This includes £207 millions of sinking fund premiums, which when deducted would bring the net debt to 7,435 millions.

This total includes the loans to the Allies and Dominions:

(In millions)	
Russia	£568
France	434
Italy	413
Belgium	87
Serbia	19
Other Allies	48
Total Allies	£1,568
Dominions	171
Total	£1,739

In France, where the pre-war debt was 32,594 millions of francs or 6,291 millions of dollars, the total debt at the end of 1918 amounted to 167,469 millions or 32,322 millions of dollars, constituting a relatively more crushing burden than that of Great Britain. The war debt proper as will be seen in table O, amounted to 134,875 millions of francs or 26,031 millions of dollars. In-

asmuch, however, as it is virtually certain that a considerable sum will still have to be borrowed during 1919, the total war debt of France, will, in all probability amount to 27 or 28 billions of dollars.

TABLE O.—PUBLIC DEBT OF FRANCE, DECEMBER 31, 1918.
(In million francs)

Domestic debt	136,874
Funded debt	67,739
including: 3 per cent rentes.....	19,746
5 " " "	25,853
4 " " "	12,850
4 " " " of 1918.....	30,000
3 and 3 ½ redeemable.....	3,118
Floating debt	49,136
including: national defense bonds.....	29,463
advances from Banque de France.....	18,000
Foreign debt	30,595
Funded debt	15,127
including: advances from U. S. government.....	12,001
Anglo-French loan in U. S.....	1,376
other loans from U. S.....	1,602
Japanese loan	147
Floating debt	15,471
Total	167,469 = \$32,322
Pre-war debt in 1913	32,594 = \$6,291
War debt	134,875 = \$26,031

In Italy the pre-war debt was 13,636 millions of lire. At the end of October, 1918, as will be seen from table P, the total debt amounted to over 63 billions of lire or somewhat more than 12 billions of dollars, making the war debt proper, about 50 billions of lire or 10 billions of dollars. By the end of May, 1919, the debt had grown to over 77 billions of lire or 15 billions of dollars, and the end is not yet. This represents a very disproportionate burden as compared with the British figures.

TABLE P.—PUBLIC DEBT OF ITALY, AUGUST 31, 1918.
(In million lire)

Pre-war debt	13,636
War loans	14,737
Treasury bonds	3,052
Exchequer bills	9,240
Foreign advances from England and the United States.....	13,850
Advances from banks.....	6,536
Notes issued by the government.....	2,041
Total	63,093 = \$12,177
By May 31, 1919, the total debt had increased to....	77,768 = \$15,069

For Germany, where the pre-war debt amounted to 4,732 million marks, the figures are not yet entirely complete. Minister Schiffer stated in February, 1919, that the debt had grown by the end of 1918 to 157,700 million marks. But Minister Erzberger

stated in his Reichstag speech of October 31, 1919, that the total debt now amounted to 204 billions of marks, which would make the war debt over 199 billions of marks or 47,726 millions of dollars—the largest debt of all the belligerents. It must be remembered, however, that the great depreciation of the mark during the period when most of the debt was contracted reduces the actual American equivalent considerably.

In Austria-Hungary, the pre-war debt was 18,354 million crowns or 3,726 million dollars. In August, 1919, the new Austria which by treaty assumed 70 per cent of the total war debt of the old empire had a war debt composed as follows: war loans, 35 billion crowns; other war debt, 11½ billions; bank notes, 50 billions, or a total of 96½ billions. At the rate of 70 per cent this would make the total war debt of the old empire now divided among various states, 137,858 million crowns or 28,584 million dollars. But the same caution as to the depreciation of the currency must be observed here.

In the United States the total net debt just before the entrance into the war, in April, 1917, was \$1,190 millions. This had increased by June 30, 1919, to \$24,232 millions, making a war debt of \$23,042 millions. The debt, as appears from table Q, is composed almost wholly of war bonds, together with a relatively small amount of outstanding treasury certificates. Inasmuch, however, as somewhat over a billion dollars from the victory loan

TABLE Q.—PUBLIC DEBT OF THE UNITED STATES.
(In millions)

Date	Debt less cash in Treasury	Annual interest charge
Apr. 15, 1917.....	\$1,189	\$23
June 30, 1917.....	1,909	84
“ “ 1918.....	10,924	466
“ “ 1919: Bonds:		
Pre-war bonds	833	
First liberty loan.....	\$1,985	
Second “	3,566	
Third “	3,959	
Fourth “	6,795	
Victory loan (notes).....	3,468	
	<hr/> 20,455	
Treasury certificates	3,634	
Old debt on which interest increased	2	
Non-interest-bearing debt	236	
	<hr/> 25,485	
Total gross debt	25,485	
Cash on hand	1,252	
	<hr/>	
Net debt	\$24,233	\$619

TABLE R.—PUBLIC DEBTS OF BELLIGERENTS.
(In millions)

	Before the war			After the war			War debt
	Aug. 4, 1914	£650=	\$3,165	Mar. 31, 1919	£7,643=	\$37,221	
Great Britain	"	97=	472	Jan. "	336 =	1,634	\$34,056
Australia	"		332	Aug. "		1,684	1,162
Canada	"	100=	487	Mar. "	170 =	828	1,352
New Zealand	"	126=	614	"	175 =	846	341
South Africa							232
British Empire...			\$5,070			\$42,213	\$37,143
France	July, 1914	fr. 32,594=	\$6,291	Dec. 31, 1918	fr. 167,459 =	\$32,322	\$26,031
Russia	"	ru. 8,800=	4,623	Sept. 1, 1917	ru. 49,988=	25,983	20,760
Italy	May, 1915	li. 13,636=	2,621	May 31, 1919	li. 77,763 =	15,009	12,388
Belgium	Aug. 2, 1914	fr. 3,743=	722	Apr. 30, 1919	fr. 9,787 =	1,888	1,166
Rumania	Aug., 1916		292	Oct. 31, 1918		1,020	728
Serbia	July, 1914		271	"		730	459
Japan	"	yen 2,494=	1,247	July 31, "	yen 2,530 =	1,265	18
United States	Apr. 5, 1917		1,190	June 30, 1919		24,232	23,042
Entente Powers..			\$22,327			\$144,062	\$121,735
Germany	Aug. 1, 1914	mk. 4,732=	\$1,126	Oct. 30, 1919	mk. 204,000=	\$48,552	47,426
Austria-Hungary ..	"	kr. 18,354=	3,726	July 31, "	kr. 137,858 =	28,584 ²	24,858
Turkey	Nov., "	L.T. 112=	485	Oct. " 1918	L.T. 455 =	2,002	1,517
Bulgaria	Oct., 4, 1915		219	"		974	755
Central Powers..			5,556			80,112	74,556
Total			\$27,883			\$224,174	\$196,291

¹ Counting on repayment of one half of the loans to the Allies (£816 millions).² The additional debt contracted by the Bolshevik government is not included.³ Obtained by considering the debt of the new Austria as representing 70 per cent of the debt of all the states which constituted the old empire.

will be paid in the course of the current fiscal year, the total war debt of the United States by the end of 1920 will amount to over 24 billions of dollars, or, deducting the loans to Allies, to about 15 billions.

The other countries need not be treated separately, especially as in a number of cases the details are not yet available. In table R an attempt is made to present a summary picture of the public debts of all the belligerents. From this table it appears that the total pre-war debt amounted to almost 28 billion dollars. On the other hand, the debt at the close of the war, including that of Japan (whose debt was increased only by a part of the funds raised to lend to Great Britain and France), but not including the debt contracted largely for internal and non-war purposes by the Bolshevik government in Russia, amounted to over 224 billions of dollars. This would make the net debt of the world ascribable to the war about 196 billions.

When we compare these figures with the total cost of the war, which, as we have seen, amounts to over 210 billion dollars, it appears that well nigh the entire cost of the war will have been defrayed from loans. The difference of some 15 billions derived from taxation is due almost wholly to the efforts of Great Britain and the United States, the former raising about 7 and the latter about 7½ billions from taxation—Great Britain in a little over four and a half years, the United States in a little over two years. While a few billions additional were raised, as we have learned, by Italy and Germany from taxation, their contributions to the expenditures are more than offset by the budget deficits in those states as well as in France. It remains true, therefore, that the war was conducted almost entirely on credit. The outstanding problem now confronting every country, victorious and conquered alike, is how to secure the funds needed to defray the interest and to provide for the amortization of these gigantic debts, which offset a not insignificant part of the entire wealth of the world.

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THE INCOME TAX AS APPLIED TO DIVIDENDS

As is well known, the federal income tax is divided into two parts. Part one is the income tax on individuals, part two is the income tax on corporations. The division, which has an historical origin, is continued for political reasons and because it adds to the certainty and convenience of collection. It served, however, no deliberate purpose of a differentiation in tax burden before 1920.

Unlike the British property and income tax and the income tax systems of some other countries, our federal tax makes no specific distinction between different kinds of incomes. Thus there is no classification into earned and unearned income, nor is income from property treated differently from income of any other sort. It is true, however, that Congress made an analogous distinction when it imposed on corporations, in addition to the income tax, taxes on the capital stock and an excess profits tax. If there are any elements of "special privilege income" in the net earnings of corporations they are taken care of by these taxes. But these taxes, like the property taxes imposed by the states and by the local governments on sources of "unearned" income, are quite distinct from the income tax.

Although the tax on the net income of corporations began in 1909, four years before the personal income tax was first imposed, that tax is now correlated with, one may even say welded into, the personal income tax. Thus the law provides that "dividends from a corporation which is taxable . . . upon its net income" shall be allowed as a credit to the individual for the purpose of computing the normal tax. The intent is that dividends shall not be taxed again in the hands of the individual. They must, of course, be included in computing the surtaxes.

It would appear from this and from other provisions of the law that it has not been the intention *in the income tax proper*, as applied to the individual, to impose on dividends, nor on the net income received by individuals out of the earnings of corporations, any different or any heavier tax than is imposed on any other form of income such as salaries, rent, interest, or profits. Beginning in 1920, however, the normal tax on corporations is to be 10 per cent, while that on individuals is to be 8 per cent. It appears, on the surface at least, to be the intention to use the older corporation tax chiefly as a means of collection. It is a sort of "stoppage at the source," although in our statute "payment at the

source" is now a technical term, restricted to the taxation of the incomes of non-resident aliens.

In practice, however, this form of a stoppage at the source imposes a tax on some recipients of dividends, who, if their incomes were in any other form, would not be taxed, or would not be taxed as heavily as they now are. It brings it about that two persons whose incomes are the same in amount may bear very different tax burdens.

The discrimination arises in two ways. One is that the benefit of the personal exemption does not accrue, or accrues only in part, to recipients of income in the form of dividends who do not have, in addition to the dividends, other income from which the personal exemption can be deducted. The other is that the benefit of the subnormal tax, *i.e.*, 6 per cent instead of 12 per cent on the first \$4,000 in excess of the personal exemptions, does not accrue in full to recipients of dividends unless they have income other than from dividends amounting to \$4,000 over and above the personal exemption.

It is not to be assumed that the discrimination is deliberate. The working hypothesis of the law seems to be that the "average man" who has any income at all in the form of dividends has, also, enough other income to enable him to receive the benefit of the personal exemption and possibly of the subnormal tax as well. That is clearly the point in granting "credit" for dividends. Thus if a man has a total income from salary, rent, interest, or profits amounting to \$6,000, the method of crediting his income with the amount of any dividends he may receive, providing they are in excess of the \$6,000 of other income, places him on a parity with the most favored taxpayer. It is only persons whose income is partly or wholly from dividends and who have other income less than \$6,000 in amount who suffer.

The existence of this discrimination is no doubt obscured for many taxpayers as well as for many who do not realize that they are tax bearers by the fact that no normal tax is demanded of any person on account of dividends. Probably few of those who by reason of small incomes do not make a return and yet receive dividends ever stop to think that they have been taxed by this method of stoppage at the source. Other sufferers too take their credit for dividends without stopping to think that the dividends (and, for that matter, the undistributed surplus as well) are only 88 per cent of what the company earned for them because the

company has paid 12 per cent in taxes for them; or, if they do know that the tax has been paid at the source, do not realize that measured by the size of their income the 12 per cent is more than they would pay if they held, say, bonds instead of stock.¹

As the reader will have perceived from the above clumsy statements, the discrimination is not easy to state in general terms. The statement becomes cumbersome and involved because there are so many different factors and variants to be considered. Possibly a few illustrations will make the matter clearer. The following examples do not exhaust the possibilities nor cover all the complications, but are designed to suggest the most important points.

Example one. *A* has shares of stock in a corporation, which shares earn, in a year, \$2,000 net.² He has no other income. The corporation pays a tax of 12 per cent and gives him \$1,760 (\$2,000 less \$240) as a dividend. If his personal exemption amounts to \$2,000 *A* makes no return and pays no tax himself. He has, however, borne a tax of \$240 paid for him by the company.³ Had his income been a salary of \$2,000 he would have received the whole of it and have paid no tax. Because he is the recipient of dividends he has lost the benefit of the personal exemption.

Example two. *B* has a salary of \$2,000 and owns shares of stock which earn \$3,000. He receives a dividend of \$2,640, the company paying for him a tax of \$360. He makes return of \$4,640 of income, takes his personal exemption of \$2,000 and his "credit" of \$2,640, and pays no tax. But he has lost the benefit of the subnormal tax of 6 per cent on the first \$4,000 (in this case on \$2,640 plus the tax stopped at the source \$360, or on \$3,000), a benefit which would have accrued to him if his income had been in another form. He has borne a tax of \$360 which is twice what he would have paid had he not been so unfortunate as to have part of his income in the form of dividends. In this case it is the benefit of the subnormal tax that is lost.

¹ The case is a little different for dividends in preferred stock. We consider here only the dividends on common stock.

² That is, they earn \$2,000 before the payment of the income tax. It is necessary to start with the earnings rather than with the dividends, because we wish to make comparison with other incomes which are received before the tax is paid. It is the only way in which we can compare like items.

³ No consideration is here given to the complicating detail that the company has an exemption, or more properly a deduction, of \$2,000 from its net income before it computes the tax. That, of course, reduces the tax below 12 per cent, by varying amounts for different companies.

Example three. *C* has shares of stock earning \$10,000 and no other income. He receives \$8,800 in dividends, \$1,200 in taxes having been paid for him by the company. He makes return of \$8,800, takes his "credit" as to the normal tax and pays a sur-tax of \$74. Total taxes paid and borne are \$1,274. Had his income of \$10,000 been of any other sort than dividends he would have paid a tax of only \$830. He has lost both benefits, the personal exemption and the subnormal tax as well.⁴

The discrimination may be explained in another way as arising from the attempt to collect at the source a part of a graduated tax on incomes without making provision for refunding or abating taxes, collected in this manner, in excess of the rates which it is intended the individuals should bear. If there were a refunding system, *A* would be entitled to a refund of \$240, *B* to \$180, and *C* to \$434. That is, these are the sums they should receive to put them on a parity with their neighbors of like amounts of income from other sources than dividends.

A very bad feature of the discrimination is that it is regressive. Thus it is 12 per cent of *A*'s income, a poor man, and only 4 per cent and a little over of *B*'s income, a well-to-do man. The regression does not depend on the selection of cases made. It is inherent.

It should be further noted that the discrimination is not often against the active man of large means. He would normally have income, other than from dividends, large enough to entitle him to the full or a large part of the benefits of the personal exemption and of the subnormal tax as well. It falls very often on the inactive small investor, and particularly on the widow, the orphan and the retired business man or worker.

If long continued this discrimination may bring about economic and social changes concerning which it is interesting to speculate, but which can be only briefly suggested here. Thus it will tend to exclude the small investor from the market for common stock and to some extent create a tide favoring the financing of corporations by borrowed money rather than by stock. Whether this would be sound or socially desirable is a question that might be discussed at some length. There seems to be little possibility that the discrimination will be easily engulfed in the tendency for investments

⁴ Incidentally, while the government gets \$1,200 as the technical normal tax, instead of \$720, subnormal and normal, it loses by the method of computation \$26 in sur taxes.

to "seek a level." It is too largely personal and too little objective for that.

A is not an imaginary individual. *A* is most often a woman and her case seems hard. Why should she bear a tax of \$240 while her neighbor of like amount of income goes free? It is not because her income contains any element of "special privilege," because all of that is taken care of by other taxes. Bad as the discrimination may be, there is another side to the case. The collection of this part of the income tax at the source is a convenience and an economy to the government in the administration of the tax. It prevents, in a very practical manner, a great deal of otherwise possible evasion. It increases the revenue. These are obvious advantages which make for the retention of the plan. I would be the last to assert that expediency should necessarily give way to justice. How much the system increases the government revenues is one of the many important facts concerning the income tax which the government statistics do not fully reveal. The contributions of these many small taxpayers will run into large sums in the aggregate. The time being is not the time when such a loss of revenue can be afforded. But it is well to remember that this discrimination exists and that there is an easy remedy for it in a refunding system. Some day we may be able to afford the remedy.⁵

CARL C. PLEHN.

⁵ David Friday estimates the 1916 dividends paid by corporations at \$3,784,000,000. Dividends reported by taxpayers in 1916 were \$2,136,468,625. Taking round numbers we have 12 per cent of (3,784,000,000 times 1.136 less 2,136,000,000 times 1.136) equals 225,000,000. That is, about \$225,000,000 in taxes is borne by persons receiving dividends and deprived of the benefit of the personal exemption thereon. We are not given the amount of dividends received by persons whose incomes are under \$6,000. For those between \$3,000 and \$5,000 the total is \$28,000,000. It is useless to try to guess at the amount received by those below \$3,000 but who nevertheless are taxable and those between \$5,000 and \$6,000. But it is certain that the discriminations referred to must amount to close upon a quarter of a billion dollars. The precise figure is not so vital, for discrimination is not nice whether it be only thirty cents or three hundred million dollars.

EXTENT OF ORGANIZATION IN THE WOMEN'S GARMENT MAKING INDUSTRIES OF NEW YORK

One of the most important movements in the United States for the adjustment of industrial disputes has been in progress during the last six years in certain industries in New York which are devoted to the making of women's wearing apparel. In these industries have existed, for a greater or less time, agreements between employers and employees known as "protocols of peace," which are the high water mark for collective bargaining in this country. Through them organized labor has gained a voice in the establishment of standards for the conduct of work.

The aim of the present study is to give an account of the extent to which this organization has been effected. Only those industries will be considered which fall within the following classification: (1) those devoted to the making of women's clothing; (2) those in which the larger part of the workers are women; and (3) those in which organization has been brought about. Industries to which all these three qualifications apply are five in number: the dress and waist industry, the white goods (mainly women's underwear) industry, the kimono and house dress industry, the misses' and children's clothing industry, and the lace-making industry. The real pioneer in the protocol form of agreement, the cloak, suit, and skirt industry, is not included in this study, for the reason that the majority of workers in it are men. The industries to be considered are those especially given over to the making of women's lighter garments.¹

¹ Other industries having agreements between employers and employees, but with most of the workers men, are those concerned with the making of women's waterproof garments and with women's straw and velvet hats. In the industries under review the materials employed are mostly lighter fabrics (the heavier ones being found in the cloak, suit, and skirt industry, consisting of worsted, serge, chevots, and the like, and to a slight extent of linen, silk, satin, etc.). In the dress and waist industry the materials are mainly lawn, crêpe, voile, flannel, pongee, satin, and gingham. In the misses' and children's clothing industries, which cover a considerable range in the garments made, including dresses, waists, skirts, and blouses, the materials are not greatly different. The house dress and kimono industry, which embraces also the making of aprons and similar articles, has use for ginghams, calicoes, cotton, crêpe, percale, lawn, serge, and other goods. In the white goods industry, devoted to the making of women's underwear, the chief materials are muslin, cotton, cambric, silk, chiffon, and similar goods. In lace-making are found the usual materials employed in this industry.

This movement is particularly important because it concerns industries which have long defied standardization. The needle trades have been subject to peculiarly ruthless exploitation, long hours, small pay, and generally injurious surroundings; and into them have been drawn helpless and unprotected women and girls. There has been involved an attempt to lift to a plane of proper conduct and standardized working conditions industries that have always been near the borderline of the "sweated industries."

In order fully to understand the situation, it is necessary to examine the condition of the women's ready made clothing industries in New York. It is to be remembered that the demand for ready-to-wear clothing has swelled to enormous proportions of late years. In times past women produced nearly all their own clothes; today they may go into the dry goods store of the small town or the department store of the big city and find on sale practically every article that they will ever need to wear. This manufacture of women's ready made clothes began in the sixties with the making of cloaks; in the eighties it was extended to suits; and in the nineties to dresses and waists. Since then various other lines have been added. At first the products were of a cheaper quality; now they are of all grades from the cheapest to the most costly. Just before the Civil War the annual value of the output was but little over \$7,000,000; today it is in excess of \$400,000,000. The number of wage-earners at the former time was less than 6,000; it now approaches 200,000.

For the manufacture of such garments New York has become easily the leading center of the country. Of the value of the total output of the country very nearly 70 per cent is found in this city. According to the United States Bureau of Labor Statistics, more than one half of the establishments in the United States devoted to the making of women's wearing apparel are in New York, and considerably more than one half of the workers employed in them and of the capital invested in them are there. The wholesale market value of the dress and waist industry alone is more than \$100,000,000 a year, and the total amount paid in wages is not less than \$20,000,000. The reasons for the pre-eminent position of New York in this respect are several. The city is the arbiter for the styles of the country, so far as they are established in America. It is near the centers furnishing raw materials. Most important of all, the city with its vast supply of cheap, unskilled, immigrant labor provides a rare labor market for just this form of work.

To meet the demands for women's ready made wear, there have sprung up in the city all manner of shops. Some of these are large, employing as many as 500 workers, and others are small, having less than a score of workers. The better grade shops are for the most part in what may be known as the lower Fifth Avenue section, from Fourth Avenue to Seventh Avenue, and extending from Fourteenth Street to Thirty-fourth Street, or even farther north. Many of these shops are of comparatively fine quality, concentrated in the main in the loft buildings which have been built so rapidly in this part of the city of recent years. In the shops so situated the conditions are as a whole much the best of all, and in many the workers receive fair wages and are otherwise well provided for.

But the trade has not stopped in the better grade shops. It has pushed its way to the poorer sections of the city, the tenement districts not only in Manhattan but in other parts as well, where both labor and rent are cheaper.² Here it is necessary to provide only a small equipment; all the labor that is needed will at once flow in. Little capital is required, and any one may go into the business. With such a situation the results are all but predetermined. At once appears that type of small, irresponsible shop, perhaps connected with the dwelling apartment of the proprietor, which in the possibilities of producing unwholesome conditions has few rivals in the land. In not a few instances this shop is dark, unclean, ill ventilated, with little or no fire protection, and otherwise unfit for human habitation or labor. Because of the intense competition, labor is driven hard. It is likely also to receive but a small share of the protection which the law has attempted to throw about such work-places.

In these industries, moreover, there is another element to be reckoned with, probably the most serious of all. Akin to, and sometimes an adjunct of, the small shop, but at the same time very frequently in connection with the larger and better shop, is the contract shop. The matter of contracting out in the garment trades (a practice to which they readily lend themselves)

² A number of shops, especially contract shops, are in Brooklyn, many for the manufacture of house dresses and kinomos being in East New York. The making of lace or embroidery is, because of the heavy and complicated machinery required, carried on for the most part in outlying sections of the city. Establishments for the manufacture of different articles of women's wear are also found to a greater or less extent in cities close to New York. In nearby cities of New Jersey more lace work is done than in New York.

is an exceedingly complex and intricate one, and one that may barely be referred to here. It is found mostly in shops where the pay is according to piece work. Work to be done on one or more parts of a garment, usually on one part, is given out to a sub-contractor who is especially skilled and who employs at his own cost and under his own direction from one to a dozen assistants, often a "team" of four or five. This sub-contractor requires only a minimum of capital or machinery, even less than the small shopowner. All that he needs is a sewing machine or two, a cutting machine, shears, scissors, needles, thread, and perhaps a few other accessories. After he completes the specified work on a garment, he returns it to the main shop. The plan of sub-contracting is especially beneficial to the original employer, as it at once relieves him of the supervision of a large number of employees, reduces the space he will need to occupy and the equipment he will have to provide, and enables him to have his work done at less cost to himself.

The system of sub-contracting in New York has wide ramifications. Some of the sub-contractors even contract out further. Not a great number of shops, including those of the better grades, have failed to avail themselves of the arrangement to a greater or less extent. The evils of the system are readily apparent, all clustering about the circumstance that it permits the irresponsible sub-contractor to drive his help, under the worst possible conditions, to the last ounce of their strength. In a city like New York, however, the center of the garment-making industry, and with its vast tenement areas affording the most inviting conditions for this work, it is doubtful whether sub-contracting can ever be eliminated altogether. As long as it exists, with little attempt at regulation, it will remain the source of much evil.

Although cutting and pressing (especially where the exercise of strength is required) and also buttonhole making are almost exclusively in the hands of men workers, the remaining operations are given over to women workers almost altogether. These include assorting, cleaning, embroidering, examining, finishing, draping, and joining. Of operators, that is, those engaged in sewing together the parts of a garment already cut out, over four-fifths are women. In the entire dress and waist industry 84 per cent of the workers are women and in the other four industries 90 per cent.

The garment-making industry in New York is, as is generally

known, largely in the hands of Jews. It is they who comprise most of the employers and the greater portion of the employees. At least three fifths of the workers are of this race. The next most important group of employees is composed of Italians, who may sometimes furnish as many as one third of the workers. The remaining employees are scattered among different races, nearly all of foreign origin. Probably not less than three fourths of the workers were born in Europe. With few exceptions, they learn their trade after coming to this country. Finally, not less than half of the workers are girls in their 'teens.

The rate of wages paid the girls in 1912, or just before general organization was effected and before the ensuing agreements, may be indicated from the findings of the United States Bureau of Labor Statistics (No. 146, 1914) for 31,500 persons in the dress and waist industry. By 4.4 per cent of the week workers and 7.8 per cent of the piece workers, less than \$5 a week was received; by 16.6 per cent of the week workers and 14.2 per cent of the piece workers, less than \$7; by 3.5 per cent of the week workers and 25 per cent of the piece workers, less than \$9; and by 64.9 per cent of the week workers and 47.8 per cent of the piece workers, less than \$12. Six tenths of one per cent of the week workers and 9.3 per cent of the piece workers had over \$20 a week. It is to be remembered that the dress and waist industry is the most skilled of the needle industries, with relatively higher pay. In the other industries a generally lower scale of wages is found. Better wages prevail in the better grade shops.

Yet the wages given to the workers in these industries are not to be regarded as certain or steady. A considerable proportion do not receive pay throughout the year. The work is largely of a seasonal nature, with a part of the workers laid off a greater or less length of time each year. There are usually about six months of full activity and six more or less slack. The height of the season is in mid-spring and in mid-autumn. In the dress and waist industry the first busy season begins about the middle of September and lasts till the middle of November; the second begins about the middle of February and lasts till the end of May. The summer months in this industry are the duller of all. The other industries have seasons but little different, except in the white goods, in which the busy and the slack seasons come somewhat later. The causes of these seasonal fluctuations are changes in the weather, changes in styles, and changes in the degree of special-

ization in particular garments, in quality of products, in the size of shops, and in the extent of inside work. The shops most affected are the smaller ones. Though employers endeavor to keep as many as possible at work throughout the year, in anticipation of the busy seasons, a large number of employees are turned off as business begins to decline. It is estimated that nearly one third of the employees have full employment for the full year, slightly under one half for half the year, and nearly one fourth for less than half of the year. In the dress and waist industry less than three fourths of the average wages for the best week of the year are received throughout its entire length. In July less than half of the employees are on the pay-roll. It is further estimated that three fourths of the workers spend the slack season in idleness, the remaining one fourth being able to find other occupation in the meantime.

To add to the burdens of some of the girls, especially in the lower grade shops, there have been in the past special charges or fines assessed upon them, which have had to be paid out of their earnings. Thus a fine of a cent or two has been imposed for a broken needle on a machine, and a charge has been made of 35 cents a week for thread or 40 cents for power with which to operate a machine.

Efforts to organize into unions the workers in certain of the needle trades in New York have been in progress since the beginning of the present century. The task, however, is far from easy. The girls possess no great skill in any one calling and pass freely from one to another. Also one fifth of their number leave work to be married each year. Moreover, especially with the young and immature element, there is not a little skepticism with regard to the benefits of a union. Time and patience are required to make headway.

The first important results in the attempts to organize the women and girls in the women's garment-making industries came in the years 1909 and 1910. There was then effected a union among a certain portion of the 35,000 workers in the dress and waist industry and among groups in the kimono and wrapper and children's dresses industries; and strikes were induced. The strike in the first-named industry proved to be a long and painful one, not a few of the most active agitators finding discharge as the reward for their efforts. It was, however, partially successful. Appreciable gains were obtained in an increase of wages, in the

reduction of the hours of labor, and in other particulars. By a considerable number of employers individual contracts were signed for one year, though at the end of this time few were renewed.

The main result of this early movement was the obtaining of a foothold, in the dress and waist industry in particular, for the more complete organization of the workers. The International Ladies Garment Workers Union, with which the union was affiliated, commenced to take a special interest in the matter and to lend its organizers. Within the next few years the union grew so in strength that at the close of 1912 it had enrolled a very large portion of the workers and was able to present a formidable front to many of the employers. It was now decided to have another strike, mainly for the purpose of forcing into line certain of the independent employers, who constituted the most serious obstacle to the standardization of the industry, and against whom the efforts of the organizers had hitherto been powerless. Curiously enough, the employers in whose shops organization had been effected showed little averseness to the calling of the strike. They let it be known that they had no desire to fight the union, only insisting that the unions give a demonstration of their power to control all the workers in the industry. The strike determined upon, it was understood, was to last but three days, by the end of which time it was expected or was hoped that general stabilization would have been secured.

However, the strike movement did not stop with the dress and waist industry. The time seemed propitious for the extensive organization of the workers in other women's clothing trades; and it was believed that this could be most effectively done through a general strike. Accordingly, at the beginning of 1913, along with the workers in the dress and waist industry there were called out in rapid succession the workers in the house dress and kimono industry and the children's dress industry; also the workers in the white goods industry, with whom organization was just commencing. The number affected in each of the two last-named industries was 7,000 or 8,000, and in the kimono and wrapper industry about half as many. These strikes each lasted from three days to six weeks. The workers were in the main victorious. Not only were there obtained material advantages in an increase of wages, but there were secured collective agreements with the employers, in most cases under the name of "protocols of peace," with machinery for the settlement of disputes. Three years later, or

in 1916, another needle industry was organized, that of the embroidery workers, involving possibly 2,000 women and girls. There was a strike and an ensuing agreement. Only one of the women's garment industries was now left unorganized, that of the petticoat makers. Attempts at organization had been made from time to time, and in 1917 plans were actually made for a strike, but as yet this industry is without organization of the workers.

But the period of strikes was not at an end with the adoption of the protocols. In 1916 there was a strike of limited extent and of brief duration in the dress and waist industry, and also in the house dress and kimono and the children's dresses industries. The purposes of these strikes were several: to make a new demonstration of the strength of the unions; to secure union conditions in all shops; and to mark a protest against certain prevailing practices which were contrary to the protocol agreements, especially in the matter of contracting out. The result was the gaining of further material advantages on the part of the workers, and the modification of the agreements in several particulars. In 1918 the agreements underwent additional amendment. In the white goods industry there were renewals of the agreements in 1915 and 1917, the latter year seeing a partial strike and the establishment of better machinery for the adjustment of disputes.

In 1919 there broke out in the dress and waist industry, and to some extent in others, a strike which proved to be one of the most serious and stubborn conflicts in the history of the industries, not coming to a complete end until after the lapse of nearly three months. It came about in the dress and waist industry at the time of the expiration of the preceding agreement, and largely concerned the right of the employer to discharge his employees at will. The result could hardly be called a full victory for either side. The "protocol" was abrogated, and in its place a new agreement was entered into, wanting in some of the important features of the previous instrument.

What now are the net results that have been obtained during all this period of organization in the women's garment industries, with its attendant strikes and ensuing agreements? In the public mind, the thing of outstanding importance has been the instrument in which have been set down the terms of the agreements established between the employers and the employees, especially those providing a means for the adjusting of disputes. Under the name of "protocols" or, more exactly, "protocols of peace," these agreements became widely known.

Before considering these features, however, we may ascertain the concrete gains that have been obtained by the workers. In the matter of wages there was secured at the adoption of the general agreements in 1913 an increase of approximately 10 per cent for all. At their several renewals there have been similar increases. A minimum wage of \$5 a week was first established, which has in some cases now been raised to \$6. In respect to hours of labor, there was an immediate reduction in all the industries concerned to 50 hours a week (except among the embroidery workers, who were only able to secure a 52-hour week, though this meant a reduction of several hours). In 1916 in the dress and waist industry, and to an extent in other industries, the number was reduced to 49. In 1918 the white goods workers succeeded in bringing their hours down to 48. Following the strike of 1919 in the dress and waist industry, the number of hours was fixed at 44, which perhaps represents the shortest working week secured for women in this country. Overtime work is in general paid for at double time, with a limit placed upon the number of hours therefor in one week. From three to seven holidays with pay are granted a year. In addition, there have been abolished charges for power and all similar charges; and the work of persons under sixteen years of age has been prohibited.

It has been provided furthermore that the same conditions as prevail in the regular shops shall prevail in "subsidiary" shops and in the shops of sub-contractors, the provision as to the latter being usually reinforced by the further one that sub-contracting may be carried on only with the knowledge and consent of the unions. As was soon to be found, writing into the agreements provisions regarding sub-contracting is a far easier matter than is carrying them out. On the renewals of the several agreements, efforts have been made to provide for a more thorough registry of contract shops, and even to force the employers to assume the responsibility therefor. Further provisions which have been added in the course of time in one industry or another prohibit the making of garments in an outside shop if in the main shop all employees are not engaged on full time; prohibit work for a member of the association whose employees are on strike; and require employers to assume responsibility for wages due from contractors. In the dress and waist industry sub-contracting is now altogether forbidden, all wages being paid directly into the hands of the workers. It is to be added that home work, or tenement house work, has been in general proscribed.

The formulation of conditions under which the workers are to do their work also included a matter which, though applying to but one industry and now abandoned in it, contained possibilities of no small importance. On the original adoption of the protocol in the dress and waist industry provision was made for the "certification" of garments; that is, garments were to bear labels ("white labels" they were called) indicating the conditions under which the garments had been manufactured. This provision was peculiar to the industry named and seems to have been availed of in no other women's garment industry. It was intended for the protection of the workers, of the complying shops, and of the consuming public. In it lay, potentially, one of the most valuable results of the agreements. By it the responsibility for the purchase of goods made under proper conditions was placed squarely upon the public. Practically speaking, however, not very much was to be expected from the plan. The general public seems on the whole to have shown but little interest in the matter of such labels. In point of fact, also, neither the employers nor the employees, while the feature remained a part of the agreements, displayed eagerness to have the matter effectively attended to, it apparently being regarded as of rather minor consequence and not worth serious attention. It is perhaps due to this attitude that in the agreement of 1919 the provision was left out.

We now come to the more notable and significant, if not more substantial, provisions of the agreements, most of which were taken over from the cloak, suit, and skirt industry. Perhaps the foremost of these is the introduction of the "preferential union" principle, whereby employers bind themselves to employ union workers in preference to others, and as far as possible to fill all vacancies from their ranks. (In some cases the principle is not to apply to members of the family of the employer, especially to parents or children.) Favorable as this sounds for the union workers, it contained the seeds of much future trouble, and showed, as little else did, the real underlying antagonism existing between the two parties. It has had no small part in precipitating strikes and was practically the sole cause of the great strike of 1919. Various amendments and additions have been resorted to in the different agreements, betraying how contentions have arisen. Only a few of these may be pointed out here. There may be no discharge of a worker who is entitled to a wage increase. There may be no discrimination against a union worker, but an employer may

discharge "the incompetent, the insubordinate, the inefficient" and is free to assign special work to those having the requisite skill. Work is to be equally divided among the workers, but workers are not to be "unreasonably" retained when there is no work for them. The majority of the workers are to belong to the union, and the employers are to use their efforts to induce those not members to join. In one case it was provided that, if in a shop where four fifths of the workers were in the union the influence of the union was found to be impaired, it was "within the province and function" of the managers to ascertain the situation and to direct all to join. In the dress and waist industry, in which, as we have just seen, the strike of 1919 was brought on over the question of the right of the employer to discharge at will (the "tenure of position," as the employer chose to phrase it), the issue was finally settled as follows: Employees who have worked two weeks or less the employer has power to discharge as he sees fit. For those who have worked from two weeks to four months there can be a review of the act occasioning the discharge by the proper judicial body; and, if it is found to be unjust, the employer may not be obliged to make reinstatement but may be required to pay a fine according to the time actually worked. For those who have worked more than four months, it may be decided whether there shall be reinstatement or the imposition of a fine; though, if the discharge were due to union activities, reinstatement is the course to be followed.

The remaining parts of the agreements relate to the means for the carrying out of their provisions. For this purpose, several different boards or committees have been created of employers and of employees. In most cases there is a board of sanitary control, to establish and maintain proper sanitary conditions in the shops, modelled largely after that in the cloak, suit, and skirt industry and including a representative of the public. In all there are now grievance boards or committees, usually with four members from each side, to hear complaints and to dispose of them; and, in the event of inability to agree, they may call in an outside umpire or chairman. In all cases there is also now a price committee or board, consisting of the employers and a group elected from the shop workers, whose business it is by tests of various operations to fix fair prices according to the relative efficiency of the workers. During the existence of the "protocol" in the dress and waist industry there was in addition a board of arbitration which was

really a high court of appeal, receiving for determination cases which could not otherwise be decided; and also for a time, as seemed to be further necessary, a board for the enforcement of protocol standards, with the object of investigating, and seeing that the provisions were lived up to. Both of these boards contained representatives of the public. On the original grievance board, later called the committee on immediate action, in this industry, there was likewise for a time a representative of the public. In fact, with the passing of outside intervention, except to assist in the settlement of local disputes, there is now left but little of the arbitration principle, or the invoking of external agencies for the adjustment of difficulties. In the instrument at present in force it is directly declared that what is not expressly provided for therein is not open to adjudication, or is "reserved." This constitutes one of the most vital changes yet made.

Finally, the agreements are in general made with the several associations which have been organized among the employers, and not with individual employers—unless the terms and conditions offered by the latter are at least equal to those of the former. The agreements continue for a fixed period, which at first was most often three years but has now as a rule been shortened to two. They may be renewed at the option of both parties, notices of desired changes being presented two months before their expiration. During their continuance there may be no stoppage of work, strike, or lockout. In some cases it has been provided that, should the union prove itself unable to enroll the bulk of the workers, the agreement should be of no effect. In the dress and waist agreement, furthermore, in order to enforce compliance on the part of employers, a provision has been inserted authorizing the withdrawal of the protection of the association, thus exposing an offender to a strike of his own. On the other hand, to put a stop to unjustified strikes in individual shops, which were becoming an almost perennial occurrence and were exceedingly vexatious, it was provided in 1919 that if in such case the strikers did not return to work within twenty-four hours and after being directed to do so by the union, they were to be regarded as having abandoned their employment.

So much for the formal provisions of the agreements. What have been the gains to the workers from them? These gains have been considerable. They include steadily increased wages, together with a "minimum wage" effected by express contract between em-

ployer and employee; reduction in hours of labor, which in the best organized industry is now 44 hours a week, with adequate compensation for and limitation of overtime work; recognition of the union, not merely as a formal matter but also in the extension of preference to its members in the engaging of labor—an approach to the “closed shop” with the sanction of the employer; the regulation of sub-contracting, which heretofore had been demoralizing in the extreme; and the abolition of certain other evils which had had a hold upon the industries.

For all these concessions what has the employer gotten in return? The answer lies in the definite period of quiet, or of “peace,” which has come to his business, with the assurance that there will be no strike therein within a given time, and that he can depend upon his labor. This is felt to be worth the price paid.

There now remains only the inquiry as to how the agreements which have been effected have been found to work out in practice. From what has already appeared, the industries concerned have been far from free from disturbances; warring parties have remained, and beneath the surface have smoldered discontent and animosity. Problems of one kind and another have presented themselves, some of a nature rather to be expected, some of a nature not to be foreseen. Complaints in various forms have arisen from one side and from the other. Charges put forth have been met by counter charges. Infraction of both the letter and the spirit of the agreements has been claimed. Each party has declared that the other has not lived up to, or has only partly lived up to, the protocol, or that the other has in greater or less degree failed to carry out its terms in good faith. Each has been ready with its bill of grievances. Perhaps to make matters worse, the bringing of complaints has been found to be a far from difficult matter, and in consequence there has arisen a host of complaint-mongers. On the other hand, it not infrequently has happened that the bringing of a complaint, even when justified, only invites the charge that one is a trouble-maker; and for this reason there has in certain instances been fear to make complaints. It is but natural that because of general economic and political differences, with some of the employers of a rather reactionary cast of mind, and with some of the workers of an ultra-radical disposition, there should be occasioned not a little friction. It is also true to no small extent that each party has at bottom been suspicious of and has secretly hoped to outwit the other.

To the association has been ascribed equivocation on a number of counts. Some of the larger establishments are said to make but little pretense of carrying out the agreements in all particulars, or even to ignore them generally. Accusations have been mainly directed against the want of adherence to the preferential union principle and the failure to conduct sub-contracting operations in the manner prescribed. It is alleged that in some establishments the preferential principle has been constantly evaded; and it is not rarely asserted that discrimination has been practiced against union workers wherever it has been possible. For workers who have been especially active in behalf of the union, things are often purposely made unpleasant, and continual irritation is afforded.

The contract and the subsidiary shop has been, as it was foreordained to be, a prolific source of trouble. The manufacturers have been charged with sending out work time and again contrary to the provisions of the agreements. Though these instruments call for the same conditions in the contract and subsidiary shops as in the regular shops, the very circumstances are such as to make resort to deception a constant temptation. Very frequently the regulations may conveniently be got around; and in the event of discovery it is easy enough for the employer to plead ignorance or otherwise to disclaim responsibility. The manufacturers have even ventured to suggest shifting upon the unions the matter of enforcing obedience, though hardly with serious expectation of offering a more efficacious measure.

Other complaints of the union relate to dissatisfaction with the settlement of prices for work on a garment; inequitable distribution of work; non-compliance with decisions; conditions in shops not in keeping with the provisions of the agreements; failure to be paid for overtime work or at the proper rate; and general ill treatment.

On the part of the employers, the principal charge against the union has been the stoppage of work without cause, a thing directly prohibited by the protocol, and a thing often to the serious detriment of business. Other complaints are concerned with disputes over the price of work on a garment, refusal of the union to abide by the results of tests or by decisions, obnoxious activities on the part of union workers, interference with the conduct or discipline in shops, and incompetency of certain union workers.

Further evidence of discontent with the conditions imposed in

the agreements, or of general restlessness, is found in the efforts at the time of their renewal to inject into them various modifications, for the supposed benefit of one side or the other—to say nothing of the ceaseless demands of the unions for an increase in wages.

Nor is it to be thought that complete organization has been effected in the industries under examination. In none of them can the union claim to be in control of more than a part of the labor supply. Even in association shops there remains an element of the employees not covered by the agreements, in a small number of the shops the agreements having application to comparatively few of the employees. In the kimono and house dress industry not quite half of the employers and of the employees are affected. In certain instances employers have even withdrawn from the agreements; and sometimes, rather than submit to what they regarded as onerous conditions, they have moved their establishments from the city; in many more cases they have threatened to do so. In the lace-making industry, relatively small in itself, and in which organization has never been strong, the agreement has, because of alleged competition in nearby cities which the employers claimed to be unable to meet, virtually been allowed to die.

It thus appears that in their practical working out, the agreements have had anything but smooth sailing, and have been far from bringing entire "peace" to the industries. Yet, with all due insistence upon the shortcomings of the agreements and upon the difficulties under which they have operated, it remains that through these instruments there have been achievements bearing large and measurable benefits, and of really high significance.

The results gained in the five separate industries with which we are concerned in this study have been very different. At one extreme is the embroidery industry, in which any sort of agreement is hardly more than nominal; at the other extreme is the dress and waist industry, in which there is being built up effective machinery for the adjustment of industrial disputes, and in which is being done pioneer work for the guidance of other industries. Even in those trades where the results seem to be least, there have been marked gains by organized labor, and there has been an approach toward order out of conditions well described as chaotic. It is perhaps this latter feature which is entitled to main emphasis.

Even though the numerically greater portion of the various establishments in the industries are not members of the associations

organized in them, and which constitute initially one party to the agreements, yet the largest and most important establishments, and those having together at least as many employees, are members. In a considerable number, if not in most of the non-association shops, furthermore, there have been effected individual trade agreements, practically up to the standard of those in the regular association shops. In the white goods industry the bulk both of the employers and of the employees seem to be covered; and in this industry the agreement is reported to have worked in a generally satisfactory manner.

The dress and waist industry merits more specific attention. Here there has been forged an instrument for the adjusting of the disputes arising from over thirty thousand employees and several hundred employers. The machinery that has been created for the purpose, though requiring frequent lubrication and frequent mending, has, all things considered, run pretty smoothly. For the settling of certain matters, measures of a highly scientific order have been introduced. To help set correct prices for the work of employees, there have been called in outside experts, with the inauguration of a test shop as a further means of determining proper wages. The grievance committee for the hearing of complaints holds regular meetings, and has all complaints placed upon its calendar in order. In the actual settlement of controversies, moreover, there has been evolved a method at once simple, practical, and speedy. This is through a system of "deputy clerks," who, appointed in equal numbers from each side, act as representatives of the "clerks" regularly provided for. Being of informal character, these deputy clerks go about their work quietly and without ado, visiting the plants where disturbances or misunderstandings have arisen, and if possible settling them then and there. Perhaps as many as three fourths of the disputes are thus disposed of.

Through the board of sanitary control, in the next place, there have been notable results in the way of the introduction of safety and general health measures, with the frequent inclusion of educational campaigns in this direction—often supplementing, and sometimes anticipating, the work of health and other public bodies. The procedure employed in the giving of notice of defects or dangers, with follow-up work in warning and disciplining recalcitrant offenders, is not only important in itself but serves as an example for other industries. The cost of the upkeep of this board,

as of other boards, is jointly borne by the association and the union. The union, moreover, makes use of the machinery thus established for the conducting of medical and dental clinics for its members.

The agreements have not brought "peace" to the garment industries. The most that can be said for them is that they have brought temporary truces. Storms have had to be weathered; disaffected and antagonistic elements have had to be placated. Important changes have had to be made in the agreements, some of them meaning the abandonment of advanced measures for the determination of controversies. It may be that the agreements will in time be discarded by mutual desire, or that one side will decline longer to be a party to them. It may be, on the other hand, that in time the agreements will be better understood and appreciated and that still more satisfactory measures will be evolved for the settling of disputes. In any event, the agreements will have demonstrated themselves experiments of the utmost significance. Their value as a proving ground for the adjustment of difficulties between employers and employees will have been established. They will have constituted a landmark in our industrial history.

HARRY BEST.

University of Kentucky.

REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Elementary Economics. By CHARLES M. THOMPSON. (Boston: Benjamin H. Sanborn and Company. 1919. Pp. xii, 420. \$1.44.)

This is a secondary school text of the more conservative type, following in its general outline the traditional college text and differing from the latter mainly in its brevity, in the introduction of pictorial illustrations, and in the use of a larger number of exercises and problems than is usual in the more advanced text. Its division into parts and its general order of discussion are close to the traditional line of procedure in economics textbooks, though the material in its chapters varies somewhat from the ordinary in the extreme compression of much of the theoretical discussion and the relative elaboration of some of the more practical aspects of economic activity.

The most conspicuous characteristics of the book as a general work on economics are its conservatism in matters of economic theory, occasioned no doubt by the commonly accepted dictum that an elementary text should deal little in controversy, and its frequently careless and sometimes erroneous statements of important economic terms and principles. For example, in introducing his formulation of Gresham's law, the author says: "When coins of two standard metals circulate side by side, the coins which are worth *less*¹ as metal than as money will drive out of circulation the coins which are worth *more*¹ as metal than as money" (p. 215). But what of the familiar case in which gold coins are the "cheap" or "poor" money and their value as money is the same as their value as metal? This is, of course, only a careless statement, but it goes unmodified; and there is nothing in the book to enlighten the student who reads the author's account of the monetary history of the United States between 1834 and 1873 as to how this statement can be made to jibe with the facts. Further, the thoughtful student is likely to have his confusion only increased by the amazing statement on page 224 that, since the silver dollars and the various forms of paper money now in circulation in the United States can all be exchanged "either directly or indirectly for gold" . . . "because of this significant fact Gresham's

¹ Thompson's italics.

*law is inoperative; that is, there is no good and no poor money.*²

It is unfortunate again, that the author has chosen a questionable point of view in discussing distribution, setting aside taxes paid to government as one share in the distribution of income along with rent, wages, interest, and profits (p. 283 and title heading of chapter 29). There is precedent for this in a short chapter in Francis Walker's *Political Economy* (Advanced Course, ch. 7, pp. 272-278) entitled Two Other Shares in Distribution, in which Walker discusses the amount of the product of industry taken by government and that taken by speculators. Such a treatment of distribution violates consistency in viewpoint. The benefits arising from the functioning of government are, of course, distributed in the same sense as are incomes resulting from land ownership, capital ownership, and labor, and taxes may be looked upon as payment to government for the production of them; but if this is done the individual is to that extent lost to view. Rent, wages, interest, and profits flow into the pockets of some individuals out of the pockets of other individuals. Ultimately taxes also flow into the pockets of other individuals, but they then take the form of rent, interest, wages, or profits, not the form of a distinct income stream. Government operates through the agency of individuals just as natural forces play their part in production through the use of land and the exercise of labor. We do not apportion a special share in distribution to natural forces. Why apportion one to government? In both cases the ultimate recipient of the payment for the benefits received is an individual, paid for the use of his land, his capital, or his labor (including enterpriser's labor). Moreover a government has no net income in the same sense in which other corporations are considered to have none. Rent, interest, wages and profits are individual incomes; taxes are not.

Further, there are few careful thinkers who will agree with the author's repeated and unmodified definition of mercantilism, that it is or was "state regulation of business" (p. 141); though there are probably none who would question that this was a *part* of mercantilism, one of the means by which the nationalistic aims of the mercantilist statesmen were to be realized. Few will accept, in consequence, his unmodified and superficial assertion that the present move toward state regulation of business is a step in the direction of mercantilism (p. 190), if it is the ideals and chief aims of the sixteenth, seventeenth, and eighteenth century mer-

² Italics are mine.

cantilists that are in mind. Consideration of the fact that it is the Internationalists of every stripe who are most active in advocacy of government regulation (and ownership) and the most ardent nationalists who are most opposed to it, except in the form of protection, should lead to a more careful description of the present movement than that which adheres to the term in question. The use of this term in this connection is the more unfortunate because it has a tendency to throw against a movement which should be considered upon its own merits and demerits all the discredit which has been attached to mercantilism by more than a century of laissez faire economics.

In its discussion of the protective controversy the book is again decidedly unsatisfactory. The tariff question is always a difficult one to handle where appeal cannot be had to a fairly mature intellect in which political and traditional prejudice can be set aside to some extent. But neither this difficulty nor the necessity for brevity will excuse an account of tariff history in this country which ignores the tariff of 1857 and says of it and of the relation of the great panic of that year to the tariff question only that the tariff of 1846 "with slight modifications . . . remained in force until 1861, when it was superseded by the Morrill act, which bore higher rates made necessary by a treasury deficit" (p. 258), leaving the reader to infer that the deficit was due to the act of 1846, or perhaps to its "slight modifications," and that the act of 1861 was occasioned solely by the existence of the deficit. And to what can be attributed the apparent implication on page 259 that the tariff of 1894 was passed before the outbreak of the panic of 1893, accompanied as the description of this act is by the statement that "the people believed it was largely responsible for the panic of 1893" (p. 260)? There is no question among careful students of this period that the popular notion cited by Thompson is erroneous. Would it not be better to correct it than to give it the additional standing which the passage referred to might accord it?

Considered merely as a textbook, the book lacks in many chapters the careful definition of terms which makes for clear thinking. Further, the topics chosen for discussion are so numerous that compression of material necessitated by the effort to keep the work within the bounds of a useful high school text has left some parts of the book, particularly some of the historical sections, all but unintelligible to any but well informed readers. Examples are

to be found in the outline of the evolution of the existing economic system (pp. 85-88) and the account of mercantilism and laissez faire (pp. 141-143.) These are faults which can be corrected by careful teaching, but is it wise to presuppose such teaching in the present state of high school work in economics?

The book has two pedagogical advantages: one in its fund of concrete illustration and application, which is, however, not evenly distributed so that some difficult parts—for example, the discussion of increasing and diminishing returns—are needlessly abstract, the other in the excellent sets of exercises and problems at the end of each chapter. These are nevertheless not sufficient recommendation, it seems to the reviewer, to offset the damage likely to be wrought by needless and serious inaccuracies and misimplications like those just described, the more as there are at least two books at present largely occupying the field this one is intended to fill which are more careful in their thought and phraseology, at least as well balanced in their selection of topics, and, in the case of one of them, just as concrete in statement and illustration.

HARVEY A. WOOSTER.

Tufts College.

NEW BOOKS

CARVER, T. N. *Principles of political economy.* (Boston: Ginn. 1919. Pp. ix, 588. \$1.96.)

This is a "book for beginners" and is admirably adapted for use as a first book whether the readers are young or old. It is divided into seven parts: The underlying conditions of national prosperity, Production, Exchange, The distribution of wealth, The consumption of wealth, Public finance, and Reform. Part two is subdivided into two sections: The productive forces, and The productive industries. The discussion of public finance has been reduced to "the general principles of taxation" covered in two chapters, the second of which has to do with the financing of a war.

The introduction, after stating that "the question of national strength is largely an economic one," continues: "It is the purpose of this book to examine the economic foundations of our national strength and to point out some of the more direct methods of improvement, to the end that our democratic nation, and all democratic nations, may grow prosperous and great in all the elements of national greatness." The methods of improvement proposed include: an understanding of the leading principles of political economy by the people of a democracy; education in general; reliance on the old-fashioned virtues, such as thrift and honesty; inculcation of the

ideal of a productive life as contrasted with one devoted to leisure and luxury; an enlarged reliance on individual initiative; and the securing of a proper balance among the factors of production and the elements of the population.

The book abounds in clear-cut and thought-provoking statements, as in apt illustration. It makes large use of illustrative material from the field of agricultural economics. Its criticism is always constructive and its conclusions positively stated. Two quotations are proffered as indicating the quality of the book. The first concludes chapter 42 on The Battle of the Standards. "Preparedness for this final and ultimate conflict will consist in the study of standards of living and the adoption of such standards and habits as will increase productive efficiency to the maximum and reduce the cost of living to the lowest point which is consistent with maximum productivity." The second concludes the final chapter, Constructive Liberalism. "We need not have poverty in our midst a generation longer than we want it. By setting to work deliberately to balance up our population, making ignorance and lack of skill to disappear, and making technical training and constructive talent to increase, we can, in a short space of time, make low wages and poverty a thing of the past. What is even better, we can do this and still leave every one a free man. This is the gospel of the new, or constructive, liberalism which is destined to bring relief, if not to this nation, at least to some nation which has the wisdom to adopt it, and which, when adopted, will keep that nation in the position of leadership among all the nations of the earth."

CHARLES E. PERSONS.

COOPER, W. R. *The claims of labour and of capital*. (London: Constable. 1919. Pp. 84. 2s. 6d.)

GIDE, C. *Principes d'économie politique*. Twentieth edition. (Paris: Sirey. 1919. Pp. 686.)

GOBBI, U. *Trattato di economia*. (Milan: Societa Editrice Libreria. 1919. Pp. 653.)

HAMILTON, W. H. *Current economic problems. A series of readings in the control of industrial development*. Revised edition. (Chicago: Univ. of Chicago Press. 1919. Pp. 946. \$3.)

LAING, G. A. *An introduction to economics*. (New York: Gregg Pub. 1919. Pp. 454. \$1.20.)

LORIA, A. *Corso de economia politica*. Second edition, revised and enlarged. (Turin: Bocca. 1919.)

MCJOHNSTON, H. *The brevity book on economics*. (Chicago: Brevity Pub., Plymouth Bldg. 1919. Pp. 84. \$1.)

RAPHAËL, G. *Walther Rathenau, ses idées et ses projets d'organisation économique*. (Paris: Payot. 1919. 4.50 fr.)

Economic History and Geography

Armenia Economica. By V. TOTOMIANZ with a preface by LUIGI LUZZATTI. (Rome: A. F. Formiggini. 1919. Pp. viii, 86.)

Professor Totomianz, of the University of Moscow, an Armenian by race, lately a refugee in Italy, has written a compact volume which so soberly and impressively describes the economic status of his country that it deserves a wide circulation, if possible in translation. The time has passed when our western countries can continue in complacent ignorance of the affairs of Asia Minor; and henceforth the need will be felt of understanding all sides of the lives of the people who dwell there.

Much more than a political difference makes the chasm between Armenia and our own country. The heavy hand of the Turk has been everywhere, extinguishing hopeful effort, the fiscal system has been incredibly bad, the Turk himself lazy; but if at one stroke this alien control were swept away, a large problem, not soluble at a stroke, would be bared. In several at least of its main features this problem exists in all regions of Asia Minor, in much of Russia, in the Balkans, including Greece, in South Italy, Spain, and elsewhere. Stated in the simplest terms, an ancient agricultural system has never yet been adjusted to modern world circumstances and non-agricultural industry has not been modernized. Many a telling sentence in Professor Totomianz's book could be applied literally to some of these other countries, the political constitutions of which are greatly different. Though more than half a century has passed since the Bourbons were ousted from South Italy, the problem there today offers endless analogies with that of Armenia.

Here is a country predominantly agricultural—it was a world granary in ancient times—yet now forced, despite a relative sparseness of population, to import grain. The rich forests that once existed are gone (wood is so scarce that manure is a common fuel) and the usual consequences have appeared: floods, the fear of floods, abandonment of fertile lands. "If the course of the Meander could be controlled, those immense plains would become rich and prosperous, and the great delta of the Meander could become like that of the Nile." Water is plentiful, cotton could be grown extensively, but works of irrigation are insignificant today. The ancient plow which scratches and does not turn over the soil is in general use, and implements and methods of culti-

vation are at nearly every point antiquated. The Turkish land system which has many surprising analogies with that still left over from feudalism farther west, is discouragingly bad. Various are the parasitic types it has developed. The heavy taxes are unaccompanied by needed gains to the people, as, for example, by the construction of ways of communication. Though three continents are in adjacency, the railroads are few and under foreign control and in each case they serve the political ends of their owners as well as economic ends (Totomianz expects that English, French, and American capital will complete the Bagdad railway). Coal and iron abound, even in close association, but modern industry has not begun. Silk grows finely, but no organization of its manufacture has appeared. Like the Venetians and Genoese, the Armenians have been made traders by the advantageous cross-roads position of their country.

The book is much more an account of what is wrong in the condition of Armenia than a program of action. A great deal, however, that needs to be done stands forth by implication. The author does indeed stop to lay stress on coöperative enterprise (he is a well known advocate of coöperation), some forms of which are very old among the Armenians, and on banks of the Raiffeisen type. Emigration he deplors as "a grave damage to the integrity of the Armenian people."

ROBERT F. FOERSTER.

Harvard University.

World-Power and Evolution. By ELLSWORTH HUNTINGTON.
(New Haven: Yale University Press. 1919. Pp. 287.
\$2.50.)

This new book of Professor Huntington's possesses all the strong and weak points of his previous writings. In common with *The Pulse of Asia, Palestine and Its Transformation, or Civilization and Climate* it combines originality of ideas, clearness of expression, and wealth of laboriously collected and effectively handled material with an overemphasizing of certain phenomena and a willingness to arrive at far-reaching conclusions upon what would seem to many insufficient data. It is true that a number of the author's statements indicate that he is aware of his bias; but this cannot free him from accusation that he is one sided and that, in the pursuit of corroborative evidence for his thesis, he does not always analyze carefully his facts either regarding their impor-

tance or their relationship as to cause and effect. While one can find some excuse for the enthusiasm with which Dr. Huntington expounds his highly interesting theory, one can hardly acquiesce in his view that "only when the world realizes that the human race must be bred as carefully as race horses," will there be time "for a book in which training, heredity, and environment receive exactly equal emphasis" (p. 8). It is neither possible nor desirable to discuss here the question whether each of these three factors should receive equal emphasis when one deals with the vicissitudes in the life of nations and with causes which have brought about the progress of humanity; one thing, however, is certain, and that is that the cause of scientific truth is not benefited by throwing, as Dr. Huntington has done, one hypothesis into such relief as to overshadow all the others.

The writer undertakes in this work to apply to all the ages, from the prehistoric to the most modern times, his well known thesis of pulsatory climatic changes and of the control which such changes have been exercising upon all the important manifestations of organic life. The book covers a wide range of topics. From a discussion of the relation between business depressions and health, the author passes to a consideration of the extreme sensitiveness with which human body and mind respond to heat and cold, to humidity and dryness. He then takes the reader back to the Glacial Period advancing a new theory of the cause of mutations, *i.e.*, the appearance of new species. This is followed by a study of the factors which have brought about the mental evolution of men and the origin of new types amongst them as well as amongst animals. The work concludes with an investigation of conditions in ancient and mediaeval Rome and modern Turkey and Germany in so far as the people of these countries have exemplified, according to the writer, by their conduct the validity of his contention that a favorable, stimulating climate is the main cause of virility, mental and physical alertness, power of initiative, ability to achieve success and to withstand reverses, while unfavorable climate leads to stupidity, laziness, cruelty, and decay.

When dealing with the effect of health upon business, Dr. Huntington attempts to show that an increase or decrease in the amount of sickness, itself largely determined by the state of the weather, plays a predominant part in the ebb and flow of the stock market, in the rise and fall of prices, in the fluctuations of prosperity, and of immigration. In order to substantiate his

theory the author resorts to a method of statistical correlation. He plots alongside a curve representing the fluctuations in death rates, and another curve showing the results of civil service examinations (the first introduced to indicate the condition of health and the second that of mental power), a number of other curves drawn for the purpose of indicating graphically fluctuations in business prosperity. The coincidence between the upward and downward movement of the latter curves with the first two is used by Dr. Huntington as corroborative evidence for his thesis that ill health precedes and is one of the main causes of financial depressions. The author shifts in his diagrams the New York clearing house transactions line three years to the left, the price of commodities and the national bank deposits line four years to the left and the immigration line five years to the left. There is no reason why the lag should be as it appears, and the shifting has been done in each case obviously after the writer has found that but for such shifting there would be little coincidence between the curves. The procedure certainly does not add to the convincingness of Dr. Huntington's statistical proofs.

Taken as a whole the book is intensely interesting and full of valuable suggestions; it should not be overlooked by any student of the causes of human progress and of economic and social conditions in different parts of the world.

SIMON LITMAN.

University of Illinois.

NEW BOOKS

BARKER, J. E. *Modern Germany. Its rise, growth, downfall, and future.* Sixth edition, entirely rewritten and very greatly enlarged. (New York: Dutton. 1919. Pp. ix, 496. \$6.)

BAUERLEIN, G. W. *The book of New Orleans and the industrial South.* (Kansas City, Mo.: Ferry-Hanly Advertising Co., 1120 Walnut St. 1919. Pp. 63. \$1.)

BOND, B. W., JR. *The quit-rent system in the American colonies.* (New Haven: Yale Univ. Press. 1919. \$3.)

This careful study of the aristocratic, feudal features of our colonial land system illustrates anew the truth that here in America as elsewhere free institutions are the result of gradual evolution. The book shows that instead of land being free in this country from the first, as is often loosely asserted, the fact is that nowhere in the British colonies outside of Massachusetts, Rhode Island, and Connecticut, was there an acre of land that was not held of a lord,

either the king or one or more proprietors; even in the Puritan colonies feudal obligations had a place in certain individual cases and in the relations to the crown; and quit-rents were demanded down to the eve of the Revolution. Professor Charles M. Andrews, in a brief introduction to the volume, suggests that the prospect of revenues from quit-rents explains the zeal of various British nobles for a century and a half to acquire landed estates in the American wilderness. These dues had a deterrent effect on land speculation, and, in some instances, particularly in Maryland, on settlement.

Professor Bond also throws fresh light on the origins of the Revolution by showing that irritation over the quit-rents was another one of the causes of discontent that led to the revolt. These feudal charges represented an outside control that was blocking progress. In Professor Andrews' words, "the quit-rent in the domain of real property, like the royal prerogative in the field of government and the navigation acts in the field of commerce, was an obstacle to complete colonial independence." Had the crown succeeded in obtaining an independent income from quit-rents, imperial control would have been so strengthened as to have made a revolt difficult if not impossible (p. 445).

Opposition to the quit-rents was not due to the amount of the payment except where large arrears had accumulated (p. 455); it was because of hostility to the principle of such a charge or discontent over the measures of enforcement. The difficulty of securing an acceptable medium of exchange during the colonial period is well brought out in the account of controversies over payment.

A well organized bibliography at the end contains a list of manuscripts and other unprinted material bearing on the subject with the places where they may be found.

AMELIA C. FORD.

BURTON, T. E. *Modern political tendencies, and the effect of the war thereon.* (Princeton, N. J.: Princeton Univ. Press. 1919. Pp. 119. \$1.25.)

CHAPMAN, S. J., editor. *Labour and capital after the war.* (New York: Macmillan. 1919. \$2.)

CLARK, E. T. *Social studies of the war.* (New York: Doran. 1919. Pp. 283. \$1.50.)

CLEVELAND, F. A. and SCHAFER, J. *Democracy in reconstruction.* (Boston: Houghton Mifflin. 1919. Pp. 491. \$2.50.)

A symposium on the general subject of reconstruction in the United States makes up this volume. There is presented a comprehensive survey of the political, social, and economic problems of the readjustment period. The several problems are discussed under the following heads: I, Ideals of Democracy; II, Institutions of Democracy; III, After-War Social Problems; IV, After-War Labor Problems; V, After-War Transportation Problems; VI, After-War Political Problems. Under the appropriate divisions are treated such subjects as democracy and private property, child welfare, so-

cial insurance, industrial relations, unemployment, transportation and commerce, public health, and political readjustment. More than a score of authorities have contributed to the discussion.

Readjustments occasioned by the war are sketched in many of the articles. In this respect the authors have duplicated information already presented in other works on reconstruction, but there is ample justification in the intimate relation that exists between war conditions and the problems of reconstruction. Moreover, the major part of the volume is devoted to reconstruction. The whole discussion is prefaced with a suggestive historical survey of political, social, and economic developments in the United States.

The book is open to criticism at some points. In discussing the suggestion for a general distribution of wealth among the masses the contributor states: "If such a plan offered any hope in solving this problem it would have been adopted centuries ago," and "The division of wealth or rise in salaries will not make us richer or happier" (p. 257). The assumption here seems to be that any scheme of social reform that has not already been tried offers no relief. The author fails to recognize that, first, in early organizations of human society such a general distribution of wealth existed and, second, that the dynamic forces of social evolution often introduce changes hitherto unknown. If the division of wealth or rise in salaries will not make humanity richer or happier it is difficult to understand the psychology that underlies present social unrest or to comprehend the necessity of thrift which the author declares to be the lever of social progress. The space devoted to the discussion of after-war labor problems seems to be too brief. Long before hostilities ceased it was generally conceded that the labor problem would constitute the most serious question of the reconstruction period, and subsequent developments have substantiated this opinion.

GORDON S. WATKINS.

ESAREY, L. *A history of Indiana*. Vol. I, *From its exploration to 1850*. Vol. II, *From 1850 to the present*. Second edition. (Bloomington, Ind.: The author. 1919. Pp. 1142. \$8.)

Among the chapters in volume I that are of economic interest are: chapter 2, dealing with Economic Development, 1825-1835, including sections on early roads, stage lines, river navigation, and early mail service; chapter 15, Public Lands of Indiana; chapter 16, Internal Improvements, including the canals and roads; and chapter 17, Second State Bank. There is also a brief description of the Third State Bank. The volume is an original study and will be of permanent value, as the author has based his authority on contemporary newspapers and public documents. There is an interesting map showing the internal improvements in 1836.

Fox, D. R. *The decline of aristocracy in the politics of New York*. Columbia University studies in history, economics, and public law, vol. LXXXVI. (New York: Longmans. 1919. Pp. xii, 460. \$3.50.)

FRANK, G. *The politics of industry*. (New York: Century Co. 1919. Pp. 214. \$1.50.)

FRIEDMAN, E. M. *Labor and reconstruction in Europe*. (New York: Dutton. 1919. Pp. xv, 216. \$2.50.)

It is the purpose of this volume to outline the labor situation in Europe with a view to promoting in this country a clearer conception of the struggle for justice, equality of opportunity, and social responsibility that is going on in the Old World. No definite policy and no scheme of reform is advocated, and in the interest of preserving the original point of view the author quotes directly and at length from primary sources. The labor problem is recognized as the most serious one that will command the attention of the new generation.

Fully one half of the volume is devoted to a presentation of the reconstruction programs that have been advanced by different interest groups in England, especially those found in the reports of such bodies as the Whitley Committee, the Garton Foundation, the Minister of Labor, and the British Labor Party. Generous treatment is accorded also the reform measures proposed by workmen's organizations and other interests in Germany. Two of the four chapters deal exclusively with the structure and functions of reconstruction commissions and the general problems of the post-bellum period. The major thought here is that the reconstruction problem is fundamentally one of making good the wastes occasioned by the war. To this end production must be increased and consumption curtailed.

The volume is for the most part a compilation and reprint of foreign programs for reconstruction and is in no sense an original analysis of the contemporary labor situation in Europe. Persons who have read these reports in the official organs of foreign governments or in the publications of the United States Department of Labor and the Department of Commerce will find little additional information in this book. For those who have not had access to these documents, this work will prove of value.

GORDON S. WATKINS.

GILBERT, C. G. and POGUE, J. E. *The energy resources of the United States: a field for reconstruction*. Mineral industries of the United States. (Washington: Supt. Docs. 1919. Pp. 165.)

GOLDSTEIN, J. M. *Russia, her economic past and future*. (New York: Russian Information Bureau. 1919. Pp. 99. \$1.75.)

GRAF, G. E. *Die Landkarte Europas Gestern und Morgen*. (Berlin: Paul Cassirer. 1919. Pp. 271.)

HAYNES, F. E. *James Baird Weaver*. (Iowa City: State Historical Society. 1919. Pp. xv, 494. \$2.)

HENDRICK, B. J. *The age of big business: a chronicle of the captains of industry*. Chronicles of America series, vol. XXXIX. (New Haven: Yale Univ. Press. 1919. Pp. x, 196.)

HOBSON, E. G. *Educational legislation and administration in the state of New York from 1777 to 1850*. Supplementary educational monographs published in conjunction with the *School Review and the Elementary School Journal*, vol. III, no. 1. (Chicago: Univ. Chicago Press. 1919. Pp. 267.)

JASTROW, M., JR. *Zionism and the future of Palestine. The fallacies and dangers of political Zionism*. (New York: Macmillan. 1919. Pp. xix, 159. \$1.25.)

Distinguishes between the three movements, religious, economic, and political, and is critical of the latter. Opposed to the segregation of the Jews as a nationalistic unit in any country.

JAVAL, H. *Graphiques comparés des rentes françaises de 1798 à 1918*. (Paris: Alcan. 1919. 2.50 fr.)

KELLOGG, V. *Germany in the war and after*. (New York: Macmillan. 1919. Pp. 101. \$1.)

Contains a chapter on "What the blockade did to food."

KOHLER, M. J. *An important European mission to investigate American immigration conditions and John Quincy Adams' relation thereto (1817-1818)*. Reprinted from *Deutsch-Amerikanische Geschichtsblätter, Jahrbuch der Deutsch-Amerikanischen Historischen Gesellschaft von Illinois, Jahrgang 1917*. (New York: Baker & Taylor. 1919. Pp. 27.)

LABRY, R. *L'industrie russe et la révolution*. (Paris: Payot. 1919. 4.50 fr.)

McLAREN, A. D. *Germanism from within*. New and revised edition. (New York: Dutton. 1919. Pp. 383. \$5.)

McLEAN, J. *One hundred years in Illinois (1818-1918). An account of the development of Illinois in the first century of her statehood*. (Chicago: Peterson Linotyping Co. 1919. Pp. 298.)

McMASTER, J. B. *Life and times of Stephen Girard: mariner and merchant*. (Philadelphia: Lippincott. 1918. Pp. 468; 481. \$5.)

MERCER, J. K. *Ohio legislative history, 1913-1917: administrations of governors James M. Cox, 1913-1914; Frank B. Willis, 1915-1916; James M. Cox, 1917-1918*. (Columbus, O.: Department of State. 1918. Pp. 712.)

MEYER, H. H. B., compiler. *Select list of references on economic reconstruction, including reports of the British Ministry of Reconstruction*. (Washington: Library of Congress, Division of Bibliography. 1919. Pp. 47.)

MORRIS, D. B. *The Stirling Merchant Guild and Life of John Cowane*. (Stirling, Eng.: Jameston and Munro. 1919. Pp. 367. 7s. 6d.)

MOUNIER, A. *Les faits et la doctrine économique en Espagne sous Philippe V, Gerónimo de Uztariz, 1670-1732*. (Bordeaux: Cadoret. 1919. Pp. 302.)

- O'BRIEN, G. *The economic history of Ireland in the eighteenth century.* (London: Maunsell. 1919.)
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- POMMEREUIL, R. *La guerre économique 1914-1918.* (Poitiers: Oudin. 1919. Pp. 444.)
- PRATO, G. *Riflessi storici della economia di guerra.* (Bari: Gius. Laterza & Figli. 1919. Pp. 226.)
- PRIMORAC, V. *La question Yougo-Slave, étude historique, économique et sociale.* (Paris: Yougoslavie. 1918. Pp. 302.)
- PUPIN, R. *Richesse privée et finances françaises avant, pendant et après la guerre.* (Paris: Delagrave. 1919.)
- SANTIBANEZ, E. *Geografía comercial de las naciones latino americanas.* (New York: Appleton. 1919. Pp. 263. \$1.50.)
- SLOANE, W. M. *The powers and aims of western democracy.* (New York: Scribner's Sons. 1919. Pp. vii, 489. \$3.50.)
- STIÉNON, C. *Anvers et l'avenir de l'entente: de l'influence prépondérante des moyens de transport dans la lutte économique.* (Paris: Nouvelle Librairie Française. 1918.)
- SWEM, E. G. *A bibliography of Virginia.* Part III, *The acts and the journals of the General Assembly of the Colony, 1619-1776.* Bulletin of the Virginia State Library, vol. XII, nos. 1, 2. (Richmond, Va.: State Library. 1919. Pp. 71.)
- DE TARLÉ, A. *La préparation de la lutte économique par l'Allemagne.* (Paris: Payot. 1919.)
- VANDERLIP, F. A. *What happened to Europe.* (New York: Macmillan. 1919. Pp. xviii, 188. \$1.25.)
- WADE, C. G. *Australia: problems and prospects.* (New York: Oxford Univ. Press. 1919. Pp. 111. \$2.)
- WILLARD, J. F. *The Union Colony at Greeley, Colorado, 1869-1871.* University of Colorado historical collections, Colony series, vol. I. (Boulder: The University. 1918. Pp. xxxii, 412. \$3.)
- Annuaire financier des valeurs régionales du Dauphiné et de la Savoie.* (Grenoble: J. Rey. 1919.)
- Banca Commerciale Italiana. Cenni statistici sul movimento economico dell'Italia.* Vols. 11 and 12. (Milan: Banca Commerciale Italiana. 1918. Pp. 1,088 and 619.)
- Canada. Economic position and plans for development.* (New York: Guaranty Trust Company. 1919. Pp. 30.)

Cuba. Review of commercial, industrial, and economic conditions in 1919. (New York: National City Bank. 1919. Pp. 28.)

Interim report of the European commission of the National Industrial Conference Board, July, 1919. (Boston: The Board, 15 Beacon St. 1919. Pp. 34.)

International reconstruction. The Annals of the American Academy of Political and Social Science, vol. LXXXIV, no. 173. (Philadelphia: The Academy. July, 1919. Pp. 223. \$1.)

The international year book for the year 1918. (New York: Dodd, Mead. 1919. Pp. 800. \$6.)

Japan yearbook. Complete cyclopedia of general information and statistics on Japan and Japanese territories for the year 1918. (Tokio. 1918. Pp. 785.)

Latin-American yearbook for 1919. (New York: Criterion Newspaper Syndicate. 1919. \$3.)

The world tomorrow. An analysis of the economic relations of the peace era, as they affect the world at large. (New York: Mechanics and Metals National Bank. 1919. Pp. 84.)

Agriculture, Mining, Forestry, and Fisheries

Effects of the Great War upon Agriculture in the United States and Great Britain. By BENJAMIN H. HIBBARD. No. 11 of Preliminary Economic Studies of the War, Division of Economics and History, Carnegie Endowment for International Peace. (New York: Oxford University Press. 1919. Pp. ix, 225.)

The keynote of this interesting study is struck in the first sentence of the editor's preface: "Never before in the history of war has the food question played so large a part as in the present world war," and in the later observation, "here, as in Great Britain, the measures were of two kinds, the stimulation of production and conservation in consumption." Professor Hibbard addresses himself to the task of explaining how the exigent character of this food problem affected the agriculture of America and England from the autumn of 1914 to the summer of 1918. In doing so he presents, first, a condensed descriptive and statistical account of the more important lines of American agricultural production before and during the war. This occupies sixty-seven pages, and is followed by an eighty-two page general account of governmental activities toward the stimulation of farm production, the improvement of market agencies, and methods of food control. The remaining fourteen and one half pages of part I are devoted to an

appraisal of the work of the Food Administration and brief statements of the effect of the war on intensity of cultivation and upon agricultural prosperity.

Part II deals with Great Britain and is in the main similar in plan and content to part I, but is designed upon smaller dimensions and is truncated by the omission of such critical and interpretative comment as is found in chapters 6, 7, and 8 of part I.

As already mentioned, the point of view is so predominantly that of food control that at times it seems that the effects of the war upon the organization of agricultural enterprise are pushed into the background. Several interesting issues are raised, as, for instance, the meaning of the fact that the actual increase of acreage, under stress of war needs, was found chiefly in the southern states. What this will mean in the future or whether the movement toward the correlation of other lines of production with cotton growing in the South will have a permanent effect is a matter of considerable moment. The reviewer is inclined to suspect that Professor Hibbard underestimates the importance of wartime changes in southern agriculture. His dismissal of the question of reforms in the methods of storing and financing cotton (p. 45) with the remark, "the solution of the cotton difficulty came from another quarter. The markets were again opened and cotton was in demand," ignores permanent changes of considerable magnitude which have come over the organization of our cotton-growing industry.

While this volume does not attempt any formal discussions of the ultimate value of price-regulating activities, it may be gathered from several fragmentary allusions that the writer entertains a friendly attitude toward the possibilities of such measures. (See pages 30, 53, 75, 175, 186, 191, 210, etc., and notably his remark on page 153: "Many will go farther than does Mr. Hoover in the faith that the government is able to guide competitive forces to the advantage of the country.") Such hints quicken the reader's desire for an extended discussion of this important issue. Nor can one fail to observe a certain disparity between these views and the attitude indicated by the editor of these studies on page iv of the editor's preface: "The attempts at price regulation of food producers can not be said to have had any far-reaching results on the situation." Whether Professor Kinley had failed to read the manuscript or whether, having read it, he felt the need of such prophylaxis to mitigate the effect of those

poisonous doctrines which he knew all too well were soon going to be injected into the reader's mind, is matter for conjecture.

Likewise, one might ask whether Professor Hibbard is entirely consistent with himself in the matter of his price theories, when we contrast his favorable comments on price control with his words on page 141:

Formerly milk was sold on the basis of a price in which competition played the major rôle. Now on account of the unprecedented demand for the cereals out of which milk is largely produced; on account of the high price of labor involved; and on account of the great demand for milk at condenseries, we are, due to these contributing causes, together with possibly a few more, trying to substitute "fair price" for the ordinary competitive price.

This sentiment, it should be observed, is interjected into a discussion of milk prices in which the practice of using the market price of feed in computing cost of production is defended. This argument on milk prices should in turn be set alongside the discussion of the hog-corn ratio, where Professor Hibbard gives this sound bit of price theory:

It must be remembered that feeding hogs is one of the main ways of disposing of the corn crop. Any important change in the hog demand for corn is bound to affect its price materially. It is admitted that the ratio is a stimulating one with reference to hog production. That is to say there is more money in \$13 hogs than in selling corn at \$1 a bushel. Then why should not the farmer bid higher for corn in order to get more pork ready for the market? But should he offer \$1.50 for the corn and bring the selling price to that point, then must hogs automatically go to \$19.50 a hundred. At those prices for both hogs and corn there is as before more money in the hogs than in corn sold directly, and so why should not the farmer offer \$2 for corn? In which case the government would of necessity undertake to keep the price of hogs at \$26. If there is any end to the hide-and-go-seek game thus set in motion it is not apparent. Manifestly the riddle of artificial price making has not yet been altogether solved.

Would not essentially the same argument apply to the case of cost of production figures used for the purpose of adjusting the price of milk?

This monograph brings together in small compass a large amount of valuable data, and many shrewd comments are made upon it by one who has a real grasp of the nature of the modern business of farming. It is no little comfort after all the amateurish nonsense that has been inflicted on the public, to have these issues set forth by a writer of professional competence. As stated

in the subtitle, this is merely a "preliminary study of the war," and most of the figures presented apply to the year 1917 or before. One can only commend the caution which restrained Professor Hibbard from attempting to make hasty generalizations or draw too sweeping conclusions, but at the same time it is to be hoped that, upon this good foundation, he will in due season give us a critical study of the permanent usefulness of various war devices and of the long run significance of wartime changes.

E. G. NOURSE.

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The Place of Agriculture in Reconstruction. A Study of National Programs of Land Settlement. By JAMES B. MORMAN. (New York: E. P. Dutton and Company. 1919. Pp. 374. \$2.00.)

In the first chapter Mr. Morman calls attention to the fact that a great readjustment must take place in the labor world following any great war. Hence there must be after this war very great readjustments. The methods of solving the problems center around such questions as employment, land settlement, price control, farm credit, and marketing.

While the title of the book is *The Place of Agriculture in Reconstruction*, the subtitle is the one which suggests the nature of the contents. Students of land problems will find the sketches of the plans for putting soldiers on the land as practiced by different countries.

The vagaries of the program of the Department of the Interior are set forth in unmistakable clearness. The failure on the part of the government to make any tangible provision for the settlement of soldiers on the land stands out in sharp contrast to the care exercised by other countries, most of them less favorably situated with respect to a land supply.

The latter part of the book is of a genuinely constructive character, and shows an unusual insight into the land and land tenure situation. It is gratifying, for instance, to find a writer discerning enough on the question of land tenure to say:

It is not a safe assumption that passing from the tenant class to the farm-owning class removes any of the difficulties surrounding modern economic and social life or solves the problems of rural welfare. As a matter of fact it does not. Under a fair system of leasing farms, thousands of tenants are providing themselves with an adequate return for their labor and a moderate investment in capital equipment;

whereas, thousands of landowners fail to do so as a return for their land, labor, and capital together.

One of the main questions to be considered in connection with any comprehensive land policy is the amount of available land still unused. In his comments on this topic the author leaves an impression which is of doubtful correctness. For instance, after noting that but 54.4 per cent of the farm land is improved he says: "There is a vast amount of land, therefore, now uncultivated on farms that could be put under the plow and which would in all probability supply all the requirements of land settlement for demobilized soldiers for many years to come," etc. That the land classed as unimproved by the census is being held out of use, and is therefore awaiting some new land system, is a matter not yet established. The fact is that much of the so-called unimproved land is really improved, and a very large part of it is used.

Another line of reasoning which not all readers will be able to follow is that entitled "the burden of interest." For instance, the author declares that: "It is the power of money to exact its share from the products of labor and capital of the farmer without any decrease, while all other forms of farm wealth depreciate in value, that constitutes one of the most flourishing means of depopulating rural districts." But is this situation any different in agriculture than in other businesses? Is it not merely another way of saying that farming is not prosperous? Why not as well say that by borrowing capital a farmer is enabled to use it so as to obviate the necessity of so much drudgery? It would surely be the case many times. True, a hundred dollars remains the same in nominal value while a plow deteriorates, but are they not bargained for with that important fact in view? Might it not even be pertinent to remark that the hundred dollar debt of three years standing has dwindled close on to 50 per cent, and the borrower correspondingly benefited? The author goes on to speak of interest as a toll exacted out of labor and capital. Few of us think of interest as normally paid out of the wages of labor. That interest is paid out of income is self-evident, but it is the general belief that capital contributes to the income, thus making the payment possible. Even so, the author makes many constructive suggestions concerning the financing of the returned soldier. His main proposal is: "That interest rates on farm loans and on city property must be

lowered and that political paternalism must be immediately checked."

B. H. HIBBARD.

University of Wisconsin.

NEW BOOKS

- BRADLEY, W. W. *Quicksilver resources of California; with a section on metallurgy and ore-dressing.* (Sacramento: California State Mining Bureau. 1919. Pp. 389. \$1.50.)
- BUTTERFIELD, K. L. *The farmer and the new day.* (New York: Macmillan. 1919. Pp. 311.)
- BURROUGHS, E. H. *Bibliography of petroleum and allied substances in 1916.* Bureau of Mines bull. 165. (Washington: Supt. Docs. 1919. 20c.)
- CANNON, E. *Coal nationalisation. Précis and evidence offered to the Coal Industry Commission.* (London: King. 1919. Pp. 36. 2s.)
- COBB, J. N. *Increasing our Pacific coast fishery resources.* (Sacramento, Cal.: State Council of Defense, Committee on Scientific Research. 1919. Pp. 14.)
- DAY, H. A. *The land question solved.* (London: King. 1919. 2s. 6d.)
- ERVIN, G. *Irrigation under the provisions of the Carey act.* (Washington: Supt. Docs. 1919. Pp. 14.)
- FANSETT, G. R. *Valuation of prospects.* (Tucson: University of Arizona Bureau of Mines. 1918. Pp. 9.)
- GALPIN, C. J. *Rural life.* (New York: Century Co. 1918. Pp. xvii, 386.)
- GHAMBASHIDZE, D. *The mineral resources of Georgia and Caucasia.* (London: Allen & Unwin. 1919. 8s. 6d.)
- HOLMES, G. *Wool: production, foreign trade, supply, and consumption.* Separate from *Yearbook of the Department of Agriculture*, 1917, no. 751. (Washington: Supt. Docs. 1919. Pp. 26.)
- KERR, W. H. *Farmers' union and federation advocate and guide; one hundred reasons why farmers should unionize.* (Great Bend, Kans.: The author. 1919. Pp. 172.)
- LEVERETT, F. and SARDESON, F. W. *Surface formations and agricultural conditions of the south half of Minnesota.* (Minneapolis: Minnesota Geological Survey, University of Minnesota. 1919. Pp. 147.)
- LIDGETT, A. *Petroleum.* Pitman's common commodities and industries series. (London: Pitman. 1919. Pp. 176. 2s. 6d.)
- LINDGREN, W. *Mineral deposits.* Second edition revised and enlarged. (New York: McGraw-Hill. 1919. Pp. 937. \$5.)

MACKENZIE, K. J. J. *Cattle and the production of beef in England.* (London: Cambridge University Press. 1919.)

NORTHROP, J. D. *Petroleum in 1917.* United States Geological Survey, Mineral resources of the United States, 1917, pt. 2, no. 31. (Washington: Supt. Docs. 1919. Pp. 6, 683, 901.)

ORR, J. *Agriculture in Berkshire.* (Oxford, Eng.: Clarendon Press. 1918. Pp. 208.)

PECK, F. W. *The cost of producing Minnesota field crops, 1913-1917.* (Minneapolis: Agricultural Experiment Station. 1918. Pp. 42.)

STEBBINS, E. P. *Commercial forestry in Britain: its decline and revival.* (London: Murray. 1919. 6s.)

SWEM, E. G. *An analysis of Ruffin's "Farmers' Register" with a bibliography of Edmund Ruffin.* Bulletin, vol. XI, nos. 3, 4. (Richmond, Va.: State Library. 1919. Pp. 144.)

Contains a bibliographical index of articles in the *Farmers' Register*, published 1833-1842.

WEBSTER, A. D. *National afforestation.* (London: Allen & Unwin. 1919. 6s.)

WEIGALL, A. G. and WREY, C. *A large state farm. A business and educational undertaking.* (London: Murray. 1919. 2s. 6d.)

WHITE, J. *Conservation in 1918.* Reprinted from the *Tenth Annual Report of the Commission of Conservation.* (Ottawa: Commission of Conservation. 1919. Pp. 88.)

WIBBERLEY, T. *Wartime farming.* (London: C. Arthur Pearson. 1918. Pp. 47.)

WOOD, G. M., compiler. *Our mineral supplies. Bibliography.* United States Geological Survey bulletin 666-GG. (Washington: Supt. Docs. 1919. Pp. 58.)

Agricultural statistics of Ireland with detailed report for the year 1916. (Dublin: His Majesty's Stationery Office. 1919. 9d.)

Annual report on the mineral production of Canada during the calendar year 1917. (Ottawa: Dept. Mines, Mines Branch. 1919. Pp. 258.)

Coal mines. Reports, second stage. (London: Coal Industry Commission. 1919. 11d.)

International yearbook of agricultural legislation. (Rome: Intern. Inst. Agri. 1918. Pp. lxxiv, 1220.)

Gives laws and decrees of 1917.

Production of meat in the United States and its distribution during the war. (Washington: U. S. Food Administration, Statistical Division. 1919. Pp. 85.)

A report on large landholdings in Southern California. (San Fran-

cisco: California Commission of Immigration and Housing. 1919. Pp. 43.)

Report on wages and conditions of employment in agriculture. Vol. I, General report. (London: Board of Agriculture and Fisheries. 1919. Pp. 202. 1s. 9d.)

Seventh annual report of the Conservation Commission of the state of New York. (Albany. 1919. Pp. 356.)

Statistics relative to the dairy industry in New York state. Bulletin 118. (Albany: Dept. of Farms and Markets. 1919. Pp. 32.)

Wages and conditions of employment in agriculture. (London: Board of Agriculture and Fisheries. 1919. Pp. 202.)

One wishing information on English agriculture could hardly hope for a more useful volume than this. Although devoted mainly to the questions of wages and employment, the first chapter gives a sketch of the land tenure situation together with the numbers of the principal kinds of livestock kept. These facts are presented in order to show the relation of the agricultural situation to the farm labor problem.

The supply of labor relates itself closely to the relative attractiveness of city and country life and employment. Illuminating figures are given showing to what extent people have left, and are leaving, the country districts. Explanations of the changes are offered. Chief among these are the use of more machines, the apparent higher wages in cities, the shorter and more regular hours of city labor, the increase in grazing, and the increase in size of farms. It is claimed that the decline in agricultural production has been slight.

An interesting discussion is given on the conditions of employment. This includes an outline of the duties of different classes of laborers, samples of the contracts and agreements, regularity of employment, and so on. It appears that the hours while considered long in England are distinctly shorter than on American farms.

Wages have responded to the general increase of prices, yet not in the same degree. Wages rose something like 60 to 75 per cent, while wheat, barley, and oats rose approximately 125 per cent in value during the first three years of the war.

The housing situation is presented in considerable detail, and the relation of employers and employees brings up the question of allotment and small holdings. The allotment is spoken of in commendatory terms. The small holdings receive doubtful praise, but their possibilities socially are noted.

There is an admission that farming profits have increased since the beginning of the war but it is held that they were too low previously. A tariff is suggested as a means of maintaining prices.

B. H. HIBBARD.

Manufacturing Industries

NEW BOOKS

- BROWN, N. C. *Forest products: their manufacture and use.* (New York: Wiley. 1919. Pp. xix, 471. \$3.75.)
- CALVERT, A. F. *Salt and salt industry.* Pitman's common commodities of commerce. (New York: Pitman. 1919. Pp. 151. \$1.)
- RAWLLEY, T. C. *The silk industry and trade.* (London: King. 1919. Pp. 188. 10s. 6d.)
- Directory of the chemical industries in Canada as to date January 1, 1919.* (Ottawa: Dominion Bureau of Statistics. 1919. Pp. 68.)
- The Schneider works in France.* (Paris and New York: Schneider & Cie. 1919. Pp. 64.)
- Statement on the effect of war conditions on the farm operating equipment industry, presented to D. F. Houston, by the Farm Implements Committee representing the industry.* (Chicago: National Implement and Vehicle Association, 76 Monroe St. 1918. Pp. 11.)

Transportation and Communication

NEW BOOKS

- ABBOT, W. J. *The story of our merchant marine; its period of glory, its prolonged decadence, and its vigorous revival as the result of the world war.* (New York: Dodd, Mead. 1919. Pp. 373. \$2.50.)
- BARNES, H. C. *Traffic law service on the federal regulation of interstate commerce and common carriers, including jurisdiction of the Interstate Commerce Commission.* (Chicago: Traffic Law Service Corporation. 1919.)
- BENEDICT, B. *The express companies of the United States. A study of a public utility.* (New York: Intercollegiate Socialist Society. 1919.)

Fundamentally and primarily the monograph is a protest against the laissez faire policy—the absolute and uncontrolled freedom of private enterprise—and is a plea for the governmental ownership of the express service, on the grounds of economy and political expediency—economy, because of the savings arising from extension of the express facilities, and from consolidation of equipment, agencies, personnel, and offices, with their accompanying rate reductions; expediency, because to quote the author, “a government express service can help in no small degree, both in itself and as a sharer in the entire general urge towards a democratically-socialized state, to preserve and even to invigorate” not only the national, but also the individual morale.

The Intercollegiate Socialist Society plans a series of monographs on the various phases of public ownership and democratic management.

J. H. P.

- CLARK, E. E. *Clark on interstate commerce; testimony given before the Senate Committee on Interstate Commerce.* (Washington: John Byrne & Co., 715 14th St., N. W. 1919. \$3.)
- CLOAREC, P. *La renaissance de notre marine marchande.* (Paris: Plon-Nourrit. 1919. Pp. 236. 3.50 fr.)
- COLLINS, J. H. *Motor transportation for rural districts.* United States Department of Agriculture bulletin 770. (Washington: Supt. Docs. 1919. Pp. 32.)
- COLLINS, N. *Opportunities in merchant ships.* Opportunity books. (New York: Harper. 1919. Pp. 96. 75c.)
- CUMMINS, A. B. *The railroad problem.* (Washington: Supt. Docs. 1919. Pp. 12.)
- FINN, L. B. *Why private ownership of railroads cannot meet the demands of the public in matters of transportation.* (Frankfort, Ky.: Railroad Commission. 1919. Pp. 64.)
- JOHNSON, E. R. *Ocean rates and terminal charges.* (Washington: U. S. Shipping Board. 1919. Pp. 84.)

In order to secure data upon which to base dealings in freight and cargo space, the United States Shipping Board requested the Director of Planning and Statistics to investigate the subject of ocean rates. The report as made by Professor Johnson takes up, first, requisition rates and the statistical study of ocean charter and freight rates upon selected commodities upon the different trade routes. The remainder of the text is devoted mainly to the powers and duties of the Shipping Board with respect to ocean rates and terminal charges. Much of the material collected is given in the appendices.

Professor Johnson, at the conclusion of his study, recommends a continuance of rate control until the shortage of shipping tonnage has been overcome, advising also the supervision of terminals and the regulation of terminal services and charges. H. R. T.

- LOVETT, R. S. *Comments on the railroad problem.* (New York: Union Pacific System. 1919. Pp. 76.)
- MORAWETZ, V. *The railway problem. A plan for its solution.* (New York: The author, 44 Wall St. 1919.)

Mr. Morawetz proposes the consolidation of existing railway companies into ten to fifteen systems, each owning and operating a strong and well balanced railway network; the restoration of railway credit through definite governmental assurance of certain minimum returns upon railway property; finally, future regulation of the railways in such manner as to protect the interests of both the public and the security holders.

The basis of the proposed consolidation is the apportionment to each constituent company of an amount of stock, or of stock and bonds, of the consolidated company proportionate to the estimated operating income which the company would contribute to the consolidation.

A Federal Railway Board similar in its constitution to the Federal Reserve Board would be created by act of Congress, with necessary powers to carry the plan into effect. This Board, with the officials of the various railways, would determine the grouping of the railways into consolidated companies, work out plans for the transfer of stock and bonds, and have general charge of details of the actual consolidation.

A feature of the plan is that the capitalization of each consolidated company would not be fixed by a physical valuation of its properties, but rather would be determined by the annual dividend and interest charges. That is, there would be authorized an amount of bonds upon which the aggregate annual interest charge would be some specified per cent (60 per cent is suggested) of the fair return upon the properties of the company, and an amount of stock upon which the remainder of such fair return would suffice to pay annual dividends at a prescribed rate.

The average operating income of the three test years established by the Federal Control act, subject to adjustment in the light of all conditions affecting the operations of the companies, would be deemed a fair return on the properties of the respective railway companies, at least until the official valuation of the railways and the proper rates of return thereon had been settled.

The Interstate Commerce Commission would fix freight and passenger rates in such manner as to enable railways to earn the fair return, and in case of the failure of any company to earn the interest on its bonds, the government would advance the amount of the deficiency, the advance to be repaid out of future earnings after payment of cumulative dividends. The government would share with the stockholders in any distribution of surplus income after payment of all its advances and such dividends.

The Federal Railway Board would exercise broad supervisory powers over the consolidated railway companies and over the whole system of regulation, even to the extent of appointing one third of the board of directors of each company.

Readers may obtain copies of this pamphlet upon application to Mr. Victor Morawetz, 44 Wall Street, New York City.

PHILIP G. OTTERBACK.

PAINE, R. D. *The old merchant marine: a chronicle of American ships and sailors.* Chronicles of America series, vol. XXXVI. (New Haven: Yale Univ. Press. 1919. Pp. x, 214.)

PIERSON, L. E. *What is wrong with the electric railways?* (New York: Irving National Bank. 1919. Pp. 20.)

RUGGLES, C. O. *Terminal charges at United States ports.* (Washington: U. S. Shipping Board. 1919. Pp. 181.)

Terminal charges are here classified into two groups—charges against the vessel and charges against the cargo. Each group of charges is taken up with its subdivisions; comparisons are made be-

tween charges at different ports and at different times. Part I, constituting a general report, is an analysis of charges at different ports, the advance in port charges during the war, and the consequences of present policies concerning port charges and services. As a conclusion, Dr. Ruggles recommends the government supervision or control of port facilities in order to avoid the evils which have arisen under private ownership and monopolization. Specifically, he recommends a Bureau of Port Terminal Charges and Services to be established by the United States Shipping Board to make a comprehensive study and tabulation of data, so that the Shipping Board and Interstate Commerce Commission may take intelligent action at any time in coöperation with local port authorities for the solution of port terminal problems. Part II contains much of the material upon which the general report is based, giving description of terminal facilities and port charges in the principal ports as well as some of the less important ports. The report presents a welcome and able study of a subject which has important bearing upon the development of our foreign trade.

H. R. T.

WANG, C. C. *Legislative regulation of railway finance in England*. University of Illinois studies in the social sciences, vol. VII, nos. 1 and 2. (Urbana: Univ. Illinois. 1918. Pp. 196. \$1.50.)

The author of this work, who was for some time honorary fellow in economics at the University of Illinois, and is now director of the Kin-Han Railway, China, approaches his subject from the historical standpoint and has done a meritorious piece of work in showing the line of advance in regulating the various phases of railway finance. The mention of the consecutive chapter headings will sufficiently indicate the contents and the breadth of view taken in the consideration of this field: General Legislation on Railway Finance; Legislative Supervision of Capitalization, A. Share Capital, B. Loan Capital; Control of the Borrowing Powers of Railway Companies; Registration of Railway Securities; Regulation of Railway Stock Watering; Regulation of Railway Accounts; State Auditing and Inspection.

The purpose of the study is "to find out what rules the English Parliament has adopted from time to time for the regulation of railway finance, and to ascertain, as far as possible, why these rules were adopted, how they have been applied, and to what results they have led." We see here the background of many of the pressing problems of the present day, and the reasons why certain kinds of securities have emerged from the tentative and experimental stages with more favor than others. Full consideration is given to the methods employed by the Parliament to throw around railway securities the greatest measure of safety, so that the railway authorities might not be induced to issue securities of doubtful value, so that the owners of the railways might be protected against unscrupulous manipulators either in the directorate or officers, and that the

public whose funds were and are the means by which the railways secure the necessary capital for construction and operation might be safeguarded in their legitimate investments. This is a good study in "safety first" as applied to the financial obligations of railways and the threefold relation of company, stockholder, and creditor. The constant desire to make railway investments safe for the investors and to interfere as little as possible with the railway management seems to have caused Parliament to adopt its unique system of regulation of railway finance which appears to differ from that of every other country. The changes in legislation are fully detailed, with careful reasons why the successive alterations and adjustments to developing conditions were necessary; in fact, we seem to be following with the author the gradual growth of the best public sentiment from earlier to later days along the several lines he discusses.

The reviewer has covered this field very carefully in the original documents and contemporary literature and he can find only two or three misstatements of fact, which are relatively insignificant when placed alongside the merits of this work. The defects arise not from the substance but from the forms of expression. There is considerable reiteration of statement and unfortunate sentence construction, but these we gladly dismiss with the mere mention of them; they are incidental to the author's nationality, and are largely lost from sight in the interesting and faithful presentation of the results of an important piece of research. A short bibliography and a good index complete the work.

W. T. JACKMAN.

British aircraft industry; its industrial and commercial potentialities. (New York: Doran. 1919. Pp. 305. \$2.)

The earning power of railroads, 1918-1919. (New York: Oliphant & Co. 1919. Pp. 422.)

Fiftieth annual list of merchant vessels of the United States; for the year ending June 30, 1918. Bureau of Navigation. (Washington: Supt. Docs. 1919. \$1.25.)

Government versus private railroads. Journal of the National Institute of Social Sciences. (Boston: F. W. Faxon Co. 1919. Pp. 247. \$2.)

Program of railroad legislation. (Washington: National Transportation Conference, Richard Waterman, Sec'y, Mills Bldg. 1919. Pp. 96.)

Railway stockholders December 31, 1917. (Washington: Bureau of Railway Economics. 1919. Pp. 13.)

The verdict of public opinion on the railroad question. (New York: Assoc. Railway Executives, 61 Broadway. 1919. Pp. 32.)

Trade, Commerce, and Commercial Crises

Commercial Policy in War Time and After. A Study of the Application of Democratic Ideas to International Commercial Relations. By WILLIAM SMITH CULBERTSON. With an introduction by HENRY C. EMERY. (New York: D. Appleton and Company. 1919. Pp. xxiv, 479. \$2.50.)

This book is one of the earliest to appear in a new and extensive series on Problems of War and Reconstruction whose general aim is to form "a comprehensive and systematic history of the war effort of the United States." The author of the volume before us had for his task the treatment of one of the most important as well as most intricate aspects of the general field to be covered by the series. He has undertaken to discuss the permanent rather than the temporary industrial and commercial changes brought about by the war, and the problems of commercial policy, national and international, which, both in the immediate and the remote future, are likely to be in the foreground for consideration. Whether or not one may wish to subscribe to Mr. Culbertson's main conclusions, there will be rather general agreement among his readers that his task has been ably performed. The field has been broadly and comprehensively surveyed; much food for thought bearing upon the intricate problems of reconstruction has been submitted; but, as is usually the case with questions involving the tariff and commercial policy in general, there is ample ground for controversy.

The main part of the book is divided into three sections; in addition there are nearly 100 pages of appendices. Part I, covering 100 pages, is entitled War's Effect on Industry. After showing the bearings of commercial policy upon the general problems of reconstruction, there are considered the effect of the war in diversifying American industry; the chemical industries under conditions of blockade and embargo, and under the war demand; the expansion of American industries in the wake of war; and the effect of the war on industries abroad. In all probability there are few American writers who have at their command as much valuable information as has Mr. Culbertson on the war's effect on industry. Consequently, as might be expected, this part of the book abounds in valuable information regarding the development of the world's industrial life, and the industrial and commercial readjustments undergone, during the years that the war was in progress.

The second part of the volume, covering upwards of 100 pages, is entitled *American Commercial Policies*. Here are considered questions concerning the tariff, anti-dumping legislation, export trade and its promotion, bargaining tariffs to prevent discriminations, and national control of American commercial activities abroad. At the outset attention is directed to a topic which in recent years has been much talked of in connection with the tariff, *viz.*, the equalization of conditions of competition. The world of industry in 1919 is different from that of 1913 and, as was pointed out in part I, the war has changed materially the relative competitive positions of the leading commercial nations. The currents of competition having thus been modified, the writer observes:

It becomes desirable for the American nation to consider again whether those industries necessary to the country's welfare are competing on a fair and equitable basis. The policy of equalizing conditions of competition with a fair margin does not require that all industries that individuals may wish to start in the United States should receive protection. To take an extreme case, it would not be sound policy to attempt to encourage coffee production in the United States by means of a tariff that would equalize the conditions of competition between the United States and Brazil. The natural advantages of Brazil are too great. The guiding purpose in tariff making should be the nation's welfare. Whether conditions of competition should be equalized or not in a given industry depends upon many factors, both political and economic. The framing of tariffs is fundamentally a matter not of statistics or accounting, but of judgment, common-sense, and national policy.

There is here left little doubt as to the author's position on the American tariff.

But, it is contended, a tariff that equalizes the normal permanent differences in conditions of competition between the United States and foreign countries does not suffice in matters of commercial policy. "In addition to a tariff law that will place our industries on an equality with their foreign competitors, we need trade defenses that will keep them there." It is in this connection that anti-dumping legislation comes in for consideration. Certain modifications and extensions of the American legislation of 1916 are proposed.

With reference to American commercial activities abroad, some degree of regulation and control is advocated. This should be exercised with a view to preventing our foreign commercial interests involving us in strife with other peoples. The general principle

advocated is "the extension of the same regulatory control to American business abroad as it submits to at home." The justification of such positive action rests, in part, on the fact that, under present-day conditions, unregulated business interests are likely, sooner or later, to involve the interests of the nation as a whole.

The third part of the volume, embracing 140 pages, bears the title, *World Commercial Policies*. There is little doubt that this will be regarded rather generally as the most interesting part of the book, the part which contributes most toward the problems of reconstruction, and the part over which there will be the greatest difference of opinion. The subject of the opening chapter is *Where National Control Breaks Down*, and it is here that we find Mr. Culbertson entering at once upon a constructive program of international control of the larger problems of commercial policy. Just as there are problems of commercial policy to be handled by the individual nations themselves to preserve their essential national interests, so there are today at the same time still larger problems which are truly international. The latter, it is contended, cannot be handled adequately by separate nations but require collective effort for their best solution. Such worldwide economic problems, the writer urges, should be in the hands of an international body which would view them not from the standpoint of the individual nation but from the world point of view. In the words of the writer:

A certain amount of independence of action must be surrendered by individual nations in order that these problems, which are worldwide and which no one nation in and of itself can solve, may be considered by an international organization looking at them from the world point of view. The economic life of the world has in many ways burst the confines of the individual state. In so far as it has, it is without a coextensive control. Nations have merely accentuated the fierceness of individual competition in world trade and financing. To uncontrolled individualism has been added an uncontrolled nationalism. This situation points conclusively to the necessity for an international organization vested, even if in the most rudimentary form, with the essential elements of government.

In this connection it is proposed that the nations should agree among themselves to eliminate unfair practices and discriminations from international commerce, and create one or more commissions under the League of Nations with power to investigate and give publicity to infringements of the international rules of commerce agreed to. The establishment of such a commission or

commissions on the part of the nations, it is argued, would not necessitate their relinquishing anything that the interests of the world would warrant them in keeping.

AVARD L. BISHOP.

Yale University.

Principles of Foreign Trade. By NORBERT SAVAY. (New York: Ronald Press Company. 1919. Pp. xx, 495. \$4.)

The widespread interest in foreign trade during the past five years has called forth a volume of publication upon the subject, a large proportion of which has been of a propagandist nature. While extensive treatises upon the purposes and practice of foreign trade are to be found in German and French, they are often not available and more often not utilized. Giving due credit to the volume by Hough upon the technique of foreign trade and other specialized works upon foreign exchange and marine insurance, there is much to be desired in the treatment of the structure and functions of the foreign trade organization.

The work by Savay contains forty-four chapters which average less than ten pages. They are grouped into five parts. The first deals with general considerations; the second with the machinery of foreign trade; the third with the operation of a foreign trade organization; the fourth with the technique of foreign trade; and the last with trade regulations. The discussion of such topics as opportunities of foreign trade, foreign trade strategy and its essentials, the psychology of the foreign market, the best markets for the American exporters, and the commercial policies of the World Powers is taken up under general considerations. In dealing with the marketing system of foreign trade, the exporter and his staff, the importer, foreign trade organization, export organization and combinations come in for their share of attention. But here, as elsewhere, the treatment is inadequate. Furthermore, inaccuracy or failure to recognize the full complexity of marketing systems is to be charged against the writer. For instance, the diagram and statement concerning the domestic trade channels on page 55 is neither accurate nor complete. The usual position of the commission men or selling agents between wholesaler and manufacturer is not indicated. In diagrammatic expositions of foreign trade organization (p. 56), the implied statements may be correct for a limited class of products, such as agricultural products as wheat and cotton in the export trade; but the organization is

not the same for manufactured products either when exported directly or indirectly.

Part three, Operating a Foreign Trade Organization, is concerned with the development of the foreign market, preparation of foreign sales plans, selection of men for foreign service, and selling methods in foreign trade. The technique of foreign trade constitutes part four, in which details of shipment, custom house procedure, insurance, and finance are taken up. Trade regulations, a brief resumé of prevailing regulations concerning commercial travelers, consular and shipping requirements, and credit customs conclude the work.

In the opinion of the reviewer, *Principles of Foreign Trade* is open to criticism on the grounds of superficiality and lack of logical arrangement and analysis. The scope of the work is so wide that in the great range of topics covered in the first 300 pages few can be more than merely touched upon. It is obviously impossible, however, to judge a single-volume work covering such a field from the viewpoint of completeness and thoroughness; it would seem that logical expositions and judicious selection of material would be a fairer basis. The characterization of capital, information, method of distribution, organization, terms of selling, and general export policies as the six fundamentals in foreign trade may not be typical of the author's logic, but a little reflection will show the futility of such classification. The sequence of topics in part two illustrates both departure from logical arrangement and inadequate treatment. To devote nearly a quarter of the book to trade regulations, giving chiefly legal details of the requirements of various countries as to samples and salesmen, consular and shipping requirements, seems to be inconsistent in a work which is not a technical manual for the exporter. The rate at which such material becomes antiquated renders its inclusion in any work merely illustrative of the type of such regulations, which purpose could be attained in very much shorter space. It seems that the author has not had a broad view of the field of international trade. He neither correlates his facts nor arranges them properly, because he has not visualized the structure of the foreign trade organization as an organic whole.

HARRY R. TOSDAL.

*Boston University,
College of Business Administration.*

NEW BOOKS

BENNETT, R. H. *The principles of trade coöperation*. (San Francisco: The Trade-Letter, 216 Market St. 1918. Pp. 107. \$2.)

CLERGET, P. *Manuel d'économie commerciale*. New edition, revised. (Paris: Colin. 1919. Pp. 374. 5 fr.)

DUPRÉ, F.-J. *Notre commerce extérieur et le Canada*. (Paris: Michaud. 1919. 3.50 fr.)

FILSINGER, E. B. *Exporting to Latin America; a handbook for merchants, manufacturers and exporters*. (New York: Appleton. 1919. Pp. 565. \$3.25.)

GOLDSTEIN, J. M. *America's opportunities for trade and investment in Russia*. (New York: Russian Information Bureau, Woolworth Bldg. 1919. Pp. 13.)

Dr. Goldstein, a professor of political economy at the University of Moscow, in this article reprinted from the *New York Times* aims to show that Russia's markets have in the past been dominated by Germany and that unless America and the Allies coöperate closely, German domination will again characterize Russian commerce. By statistical tables and graphs are shown the progressive increase of imports from Germany since 1896 and the corresponding decrease of imports from other countries. On the basis of price levels now prevailing in Russia and the vast need for commodities, the author asserts that there is a very great opportunity for American trade in Russia.

H. R. T.

LABRY, R. *Le commerce des soies de porc en Russie*. (Paris: Ficker. 1919. 1 fr.)

MOHUN, B. *The Federal Trade Commission law, the Clayton anti-trust law, the Webb export law, and rules of practice before the Federal Trade Commission*. (Washington: B. S. Adams. 1919. Pp. 41.)

MOORE, J. T. M. *American business in world markets*. (New York: Doran. 1919. Pp. xi, 320. \$2.)

The subtitle, "Our opportunities and obligations in securing export trade; the plans and purposes of other nations," approaches more nearly a correct description of the scope of the book. The first hundred pages, called America's New Economic Status, comprise twelve chapters upon more or less related or unrelated topics indicated by chapter headings: The Business Man's Era, Congress of Business Men, The Right of Combination, Industrial Lessons of the War, Influences against Bolshevism, The Doctrines of Americanism. Part II, The Scientific Method in Commerce, is devoted almost wholly to a description of various aspects of German organization which had to do with foreign trade, cartels, banking sys-

tems, espionage, and propaganda. This is followed by a description of the plans of various nations bearing upon reconstruction of industry and reëntrance into foreign competition. In a short concluding section, development of the home market is urged as an alternative for the foreign market. The material is selected and the work is written so as to appeal to popular taste.

HARRY R. TOSDAL.

- O'REILLY, G. A. *Wanted: American spirit in our foreign trade.* (New York: Irving National Bank. 1919. Pp. 23.)
- PEPPER, C. M. *American foreign trade. The United States as a world power in the new era of international commerce.* (New York: Century Co. 1919. Pp. ix, 350. \$2.50.)
- TORCHIANA, H. A. W. VAN C. *The future of trade between the United States of America and the Netherlands and its colonies.* Third edition. (San Francisco: Holland-American Chamber of Commerce, Russ Bldg. 1919. Pp. 49.)
- Annual report of the trade of Canada. Imports for consumption and exports. Compiled from records supplied by the Department of Customs, fiscal year ended March 31, 1918.* (Ottawa: Bureau of Statistics. 1919. Pp. 1052. 70c.)
- American goods and foreign markets.* (New York: Guaranty Trust Co. 1919. Pp. 7.)
- The country grain dealer and federal grain supervision.* Bureau of Markets. (Washington: Supt. Docs. 1919. Pp. 21.)
- Foreign trade thought of 1919. Summary of convention committee's report and excerpts from addresses at the sixth national foreign trade convention, Chicago, April, 1919.* (New York: Irving National Bank. 1919. Pp. 85.)
- A handbook of finance and trade with South America.* (New York: National City Bank. 1919. Pp. 51.)
- Operations of the Federal Trade Commission.* (New York: Secretary's Office, 30 Church St. 1919. Pp. 128.)
- Statistics of German trade 1909-1913.* United States Bureau of Foreign and Domestic Commerce, Miscellaneous series 75. (Washington: Supt. Docs. 1918. Pp. 71.)
- Suggestions to exporters; a formulary of foreign freight forwarding.* Second edition. (Chicago: Trans-Continental Freight Company, 203 S. Dearborn St. 1919. Pp. 203.)
- Trade thought of the two Americas in 1919. Significant viewpoints expressed in addresses made at the second Pan American commercial conference, Washington, June, 1919.* (New York: Irving National Bank. 1919. Pp. 95.)

Accounting, Business Methods, Investments, and the Exchanges

Employment Psychology. HENRY C. LINK. (New York: The Macmillan Company. 1919. Pp. 440. \$2.50.)

"The future of psychology is so promising that ambitious promoters have already begun to capitalize it. There exists even now a large body of pseudo-psychological doctrine and literature which bears the same relation to psychology that nostrums bear to medicine. . . . The chief sign by which these quack psychological remedies may be recognized is that they uniformly promise a remedy which is speedy, infallible, and ready for instantaneous application." Thus Dr. Link recognizes the dangers of the recent popularization of psychology—dangers alike from imprudent zealots and impudent charlatans.

His book, exceptionally conservative in statement, sanely outlines the problems, material, and procedure of the employment psychologist, and describes with gratifying adequacy a number of employment experiments. His chapters on the scope of psychological tests, a scientific admission—or rather warning—of the limitations of the applied psychologist, exempt him from any accusation of hasty enthusiasm. Indeed, the book is thoroughly scientific in every detail: instead of *a priori* assumptions there is a tentative analysis; instead of the magic of a mystic psychology there is the experimental laboratory of trial and error; and instead of glowing subjective generalities there is an open statement of objective fact and correlation. Nor is the book a statistical catalogue or inventory of psychological tools. It retains the interest and attention by a happy admixture of facts and figures, description, and personal experience.

After displacing a somewhat popular notion that psychology is mind reading or an abstruse plunge into metaphysics with the scientific concept of psychology as the science of behavior, the author outlines the initial problem for the employment psychologist: (1) to get a general survey of the types of work in a given factory; (2) to make an intensive study of one or two operations; (3) to obtain, as experimental material, a large number of workers of the same kind; and (4) to work out tests for the most simple (and therefore most standardized) work. These four steps he proceeds to illustrate and amplify, as to both material and method, by use of concrete experiences of his own in the industrial field.

Although the book deals essentially with the problem of the selection of employees, Dr. Link does not neglect the fact that "to-day the training of new employees, keeping accurate records of their activities, transferring them when advisable, and devising methods of promotion, are all phases of the employment problem."

Dr. Link recognizes as well that the cognitive abilities are not the sum total of employment qualifications: that, on the one hand, there are required certain physical and psychophysical abilities, such as eyesight and hearing, visual and auditory perception and discrimination, motor accuracy and steadiness; and, on the other hand, many moral and emotional qualities, among them ambition, reliability, punctuality, honesty, loyalty, and tact. The admission that psychology has as yet devised no satisfactory test for these latter more protean characteristics is in no sense a confession of weakness, but, rather, a candid appreciation of the magnitude of a complete industrial measurement.

Perhaps hardly second to its admirable saneness and conservativeness is the practicability of this book. In addition to a complete description of tests and test procedure, there is valuable material on the technique of interviews, job analysis, personnel cards, the function of vestibule (or preliminary training) schools, the problem of defectives and illiterates, and the measurement of productiveness. An appendix of mental tests is consistent with the author's candor and completeness of presentation.

One criticism, in reference to the rather small number of subjects in the cases cited, is in part discounted, as Dr. Link implies, by the careful classification of employees and the large number of cross-correlations.

Dr. Link's *Employment Psychology* is rather alone in an important field. Both Gilbreth's *Psychology of Management* and Taylor's *Scientific Principles of Management* deal with the psychophysical problems of monotony, rhythm, fatigue, rest periods, and motion study; and Munsterberg's *Psychology and Industrial Efficiency* lacks the careful, intricate study and the complete, lucid practicability of this new book.

Psychology will be of increasing usefulness in its industrial applications despite its newness in applied fields. The employer who is sincerely progressive in his desire for human efficiency and industrial advance will at least take Dr. Link's book in attentive and thoughtful consultation.

CHARLES LEONARD STONE.

Dartmouth College.

NEW BOOKS

ANSON, W. R. *Principles of the law of contract with a chapter on the law of agency.* Fourteenth English edition. Third American edition. Edited with American notes by A. L. CORBIN. (New York: Oxford Univ. Press. 1919. Pp. 568. \$4.)

ATWOOD, A. W. *Putnam's investment handbook. A stimulus and a guide to financial independence.* (New York: Putnams. 1919. Pp. 375. \$1.85.)

BENDER, G. DE W., compiler. *Accounting and business secrets; a ready reference book of accounting principles.* (Seattle, Wash.: The author. 1919. Pp. 64. \$3.)

BEXELL, J. A. *First lessons in business.* (Philadelphia: Lippincott. 1919. 68c.)

CLEARY, P. R. *How to figure profit; a comprehensive reference book for business men, teachers, and students.* (Ypsilanti, Mich.: P. R. Cleary Co., Dept. A. 1918. Pp. 265. \$1.90.)

DALE, S. S. *Cost finding in woolen and worsted mills.* (Boston: Textiles. 1918. Pp. 49.)

DRURY, H. B. *Scientific management; a history and criticism.* Second edition, revised. Columbia University studies in history, economics, and public law, vol. LXV, no. 2. (New York: Longmans. Pp. 251.)

GANTT, H. L. *Organizing for work.* (New York: Harcourt, Brace and Howe, 1 West 47th St. 1919. Pp. 113. \$1.25.)

GARDNER, E. H. *New collection methods. How to clean up your troublesome accounts.* (New York: Ronald. 1919. Pp. 467. \$4.)

GILBRETH, L. M. *The psychology of management. The function of the mind in determining, teaching, and installing methods of least waste.* (New York: Sturgis & Walton. 1918. Pp. 344. \$2.)

The structure of scientific management is separated into nine divisions, of which functionalization, standardization, and incentives are characteristic examples. Each of these subjects forms the basis for a chapter in which activities under traditional, transitory, and scientific management are compared, after which the psychological aspects of each principle are considered. The treatment is largely descriptive of the conceptions and methods of procedure of scientific management, its points of variance, and superiority over previous methods of administration. A more fitting title would have been, "Traditional, Transitory, and Scientific Management." E. H. S.

GOWIN, E. B. *Developing executive ability.* (New York: Ronald. 1919. Pp. xxiv, 486. \$3.)

Designed primarily for the young executive, the book brings a wealth of ideas before him, which only await application that they may yield him a goodly return in economies of time, energy, and

money. It is an inspirational compilation of ideas and suggestions toward the upbuilding of physical and intellectual resources and establishment of habits of work and thought.

The introduction, stressing the opportunities awaiting the executive, and the need of a definite program of advancement, provides the incentive for careful study of which the book is worthy. The succeeding chapters are grouped into five divisions, dealing with the systematizing, dispatching and control of work, development of mental power, personal "dynamics," finance, and leadership, closing with a short bibliography of pertinent books for the business man.

E. H. S.

GRIFFIN, A. B. *Digest of the bankruptcy decisions under the national bankruptcy act of 1898 reported in the American bankruptcy reports.* Vols. 36 to 42, inclusive. (Albany, N. Y.: Matthew Bender & Co. 1919. Pp. lix, 594.)

JENKINSON, M. W. *The workers' interest in costing.* (London: Gee. 1919. Pp. 27.)

KESTER, R. B. *Accounting: theory and practice.* (New York: Ronald. 1918. Pp. xxiv, 607. \$2.50.)

The volume is intended for first year college students in accounting and "gives the scope of accounting offered in the first year of the School of Business of Columbia University," where the author is an instructor. It aims to provide that minimum of accounting which the author rightly regards as of equal importance with the minimum of economics in the education of business or professional men.

With this approach it is logical to present the *results* of accounting before the methods. Hence balance sheets and profit and loss statements precede double entry and similar technical details. The author says in the introduction: "The student is taught to analyze business facts and conditions from the very beginning. He is then led, step by step, through the use of non-technical terms, into the ledger, where he sees the way in which the data which he has been using are summarized. . . . Instead of laboring through many 'simple' transactions and spending much duplicated effort, he is taught fundamental principles and their application right from the beginning, after which these principles are correlated and tied up in a complete whole. The process may be somewhat discouraging to the student at times and he may ask for a simpler diet, but in the end he has a surer and more fundamental grasp of the subject than could have been obtained otherwise in the same time."

The book is readable and interesting. It reflects a firm grasp on the subject, especially from the viewpoint of the teacher. It deals with everyday accounting needs in a practical way. In this respect and in the problems and the "long set" of practice data it reminds the reviewer of earlier bookkeeping manuals from which so many self-taught accountants graduated. This work is thoroughly modern, however.

One detail caught the reviewer's eye for an objection, namely, the author's plan for reconciling a check book with the bank statement. It ought to be stated thus:

Bank states balance	\$1,525.14
Check book balance	604.19

Difference to account for	\$920.95
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The book is provided with a generously subdivided table of contents, an abundant index and two appendices of review questions and problems. It is a creditable and practical result of sound preparation and good teaching experience.

Since the receipt of this volume, volume two under the same title has appeared.

CLINTON H. SCOVELL.

McKAY, C. W. *Valuing industrial properties*. (New York: Industrial Extension Institute. 1919. Pp. xvii, 501.)

MARSHALL, A. *Industry and trade: a study of industrial technique and business organization; and of their influences on the conditions of various classes and nations*. (New York: Macmillan. 1919. 18s.)

MEYER, C. A. *Mercantile credits and collections*. (New York: Macmillan. 1919. Pp. 302. \$3.50.)

NAY, F. *Railroad corporate accounting during federal control*. (Washington: Supt. Docs. 1919. Pp. 22.)

NORTON, H. R. *A textbook on retail selling*. (Boston: Ginn. 1919. Pp. 283.)

PURINTON, E. E. *Personal efficiency in business*. (New York: R. M. McBride & Co. 1919. Pp. 341.)

RICHARDS, W. E. *Trade-marks*. (New York: The author, 277 Broadway. 1919. Pp. 32.)

RITTENHOUSE, C. F. *Accounting theory and practice*. Unit 1. (New York: McGraw-Hill. \$3.)

RUSSELL, T. *Commercial advertising*. London School of Economics studies in economics and political science, no. 58. (New York: Putnams. 1919. Pp. 297.)

SULLIVAN, J. J. *Pennsylvania business law*. Fifth edition, revised. (Philadelphia: Business Law Pub. 1919. Pp. 751. \$5.)

THOMAS, A. G. *Principles of government purchasing*. (New York: Appleton. 1919. Pp. 275. \$2.25.)

Supplementing his wide experience in governmental and industrial purchasing, the author made a personal study of the systems of thirty or more large corporations and ten important municipalities; and it was upon this basis that the volume was prepared. It is the fourth of the studies of problems of public administration which have been conducted under the auspices of the Rockefeller

Foundation and published by the Institute for Government Research.

The introductory chapters discuss the basic problems of government purchasing which involve, in the main, questions of centralization and legal restrictions. Purchasing methods are dealt with in great detail providing the subject-matter for twelve chapters arranged in order of method sequence. An appendix presents, among other data, descriptions of the purchasing systems of a large industrial plant and a railroad.

The book is comprehensive and reflects the analytical powers of the author when applied to the many procedures under investigation. Its interest should lie not only with those who are concerned with government purchasing but also with similar officials in industrial work, as the principles advocated are largely founded upon industrial practice.

E. H. SCHELL.

WARBURG, P. M. *Investment of American capital abroad.* (New York: The author, 17 East 80th St. 1919. Pp. 9.)

WARBURG, P. M. *Some problems of the investment banker.* (New York: The author, 17 East 80th St. 1919. Pp. 8.)

WHITEFORD, J. F. *Factory management wastes.* (London: Nisbet, 22 Berners St. 1919. 12s. 6d.)

Acquisition and valuation of land for public purposes. Second report of the Committee on the Law and Practice relating to. (London: King. 1919. 4d.)

Catalogue of railroad mortgages. Prepared jointly by the Pliny Fisk Statistical Library of Princeton University and the Bureau of Railway Economics, Washington, D. C. (Princeton, N. J.: Pliny Fisk Statistical Library. 1919. Pp. 163. \$5.)

Cost keeping for small metal mines. Mines Bureau technical paper 223. (Washington: Supt. Docs. 1919. 10c.)

History of the war activities of the Merchants' Association of New York. (New York: The association. 1919. Pp. 48.)

Inspection rules on hardwood lumber and sales code of American Hardwood Manufacturers' Association. (Memphis, Tenn.: The association. 1919. Pp. 134.)

Manual of revenue accounting for use in offices of collectors of internal revenue. Preliminary edition. (Washington: Supt. Docs. 1919. Pp. 53.)

Real estate values in Manhattan, January 1910 to May, 1919. (New York: New York Evening Post. 1919. Pp. 242. 20c.)

Capital and Capitalistic Organization

NEW BOOKS

CARMEN, H. J. *The street surface railway franchises of New York City.* Columbia University studies in history, economics and public

- law, vol. LXXXVIII, no. 1. (New York: Longmans. 1919. Pp. 259. \$2.)
- DEWING, A. S. *The financial policy of corporations*. (New York: Ronald. 1919. Pp. xix, 316.)
- FLETCHER, W. M. *Cyclopedia of the law of private corporations*. Vols. 6, 7. (Chicago: Callaghan. 1919.)
- PARKER, J. S. *The corporation manual; statutory provisions relating to the organization, regulation and taxation of domestic business corporations, etc.* Twentieth edition. (New York: Corporation Manual Co. 1919. Pp. xiii, 2225.)
- THOMPSON, M. R. *Trust dissolution*. (Boston: Badger. 1919. Pp. 309. \$2.50.)

Labor and Labor Organizations

- Australian Social Development*. By CLARENCE H. NORTHCOTT. Columbia University Studies in History, Economics, and Public Law, vol. LXXXI, no. 2. (New York: Longmans, Green and Company. 1918. Pp. 302. \$2.50.)
- Arbitration and Wage-Fixing in Australia*. Research Report, no. 10. (Boston: National Industrial Conference Board. 1918. Pp. 52. \$1.00.)
- Living Wage (Adult Males), 1918*. Bulletin of the New South Wales Board of Trade. (Sydney: Government Printer. 1918. Pp. 121.)

Dr. Northcott, before coming to the United States was a tutor in sociology to classes of the Workers' Educational Association in Sydney, New South Wales. He was, therefore, familiar with the trend of social development in Australia and well acquainted with the working-class point of view. His studies in the School of Political Science of Columbia University have broadened his social horizon and furnished a theoretical basis for his study of Australian social development.

It is the socio-economic point of view from which this work is written. Not alone land and labor problems, which have so often been the subject of research by students who have concerned themselves with Australian affairs, are here considered. It was the author's purpose to draw a picture of the entire social development of Australia, critically to appraise the results already accomplished and to show what modifications need to be made in the mental attitude of Australians if further progress is to be achieved. The book will therefore afford a valuable basis from which the

student of Australian social legislation can proceed. It is less popular in style—though well written—and less historical than the well known *State Experiments in Australasia* by William Pember Reeves, but it is more philosophical and critical than the latter work and shows a deeper insight into Australian characteristics.

There is an excellent description of the elements which go to make up the population, which fact explains to a considerable extent the peculiar social development which has taken place. The account of the settlement of the land shows clearly the hindrance to a rapid growth of population which the land policy has offered, and Dr. Northcott appreciates thoroughly that this question of the fuller settlement of the land is the great unsolved problem of Australia today and that "a white Australia," in which he firmly believes, cannot be a permanent thing unless the Australians themselves find a solution of the difficulties of the white settlement of tropical Australia.

Industrial disputes are another obstacle to Australian progress and prosperity. Compulsory arbitration has clearly not afforded a solution, though it appears to have reduced the number of strikes; and it has, through its regulation of wages and working conditions, created a fairly high level of comfort for the working classes. Neither compulsory arbitration nor state ownership of mines, railways, and factories has increased the efficiency of the working classes and Dr. Northcott is doubtless right in holding trade union teaching largely responsible for the recent decline in production.

In the concluding chapters Dr. Northcott discusses the meaning of social efficiency, following largely Professor Giddings in his analysis, and he attempts to apply this program of social efficiency to the solution of Australia's pressing social problems.

The excellent little pamphlet on *Arbitration and Wage Fixing in Australia*, published by the National Industrial Conference Board, though published anonymously, is understood to be also the work of Dr. Northcott. In it he develops more fully the views concerning compulsory arbitration and the minimum wage which he had set forth in the work on *Australian Social Development*. Only the Victorian system of wages boards and the work of the New South Wales and the Commonwealth arbitration courts are discussed. The treatment of the system in New South Wales is of especial value to American students, since it is the only readily

accessible account of the Industrial Arbitration (Amendment) act of 1918. Statistical tables bring out clearly the disproportionate influence of the mining industry in lessening the good effects of compulsory arbitration as a promoter of industrial peace.

The author's conclusions as to the results which have been accomplished by state regulation of wages and industrial disputes are neither one-sided nor prejudiced. The principle of the living wage for all workers has been established, with a higher level for skilled workers and the possibility of bargaining to secure wages still higher. The minimum wage has not become the maximum, although the system does limit somewhat the reward for extra skill. Nominal wages have risen but effective wages have declined in Australia as elsewhere. Trade unionism and collective bargaining have become national policies. Industrial disputes have not been prevented, due largely to their prevalence in the mining industry, but their seriousness has been reduced. Finally, "public opinion in Australia considers the system effective."

The conclusion slowly reached by all New Zealand and Australian courts of arbitration that a living wage must be the foundation stone for wage awards is best known through the judgment rendered by Mr. Justice Higgins of the Commonwealth Arbitration Court in 1907 when he gave expression in the *Harvester* case to the now famous principle that the minimum wage must be determined by "the normal needs of the average employee regarded as a human being living in a civilized community." The minimum wage for unskilled laborers was then fixed at 8s. a day. Although prices were rising in Australia, as elsewhere, for years no change was made in this basic wage, for, as Mr. Justice Higgins frequently said, no evidence was offered in court to show that 8s. a day was no longer a living wage in the sense in which the arbitration court had defined that term.

In February, 1914, Mr. Justice Heydon, of the New South Wales Arbitration Court, undertook a new study of the evidence relating to the cost of living. Statistical studies made by Mr. Knibbs, commonwealth statistician, and Mr. Trivett, statistician for New South Wales, furnished material much more abundant than that available to Mr. Justice Higgins in 1907 and this statistical material was supplemented by household budgets collected by trade-union secretaries and by accounts of retail prices furnished by employers. On the basis of this evidence Mr. Justice

Heydon fixed the minimum wage in Sydney at 8s. 6d. per day for unskilled labor on light work, 8s. 9d. per day for ordinary work, and 9s. per day for heavy work. These amounts were intended to cover not only the bare necessities of life but to allow a share in the prosperity of the community. The outbreak of the war soon wrought decided changes in the cost of living and in December, 1915, the court raised the minimum rate from 8s. 6d. to 8s. 9d. per day. Again in August, 1916, the amount was raised to 9s. 3d. per day.

The New South Wales Arbitration act of 1912, as amended in 1918, made it the duty of the New South Wales Board of Trade to fix the living wage from year to year, after public inquiry. The judge of the Arbitration Court (Heydon) became the president of the Board of Trade. In September, 1918, the board, after taking evidence submitted by employers and employees and hearing the arguments of counsel on both sides, fixed the living wage for Sydney and the industrial suburbs at 10s. a day.

It is the decisions of the Arbitration Court of New South Wales and the findings of the Board of Trade, as well as the briefs submitted by counsel at the last hearing, which have been gathered together and issued as a separate bulletin under the title, *Living Wage (Adult Males)*, 1918. Taken together, they constitute one of the best studies of the minimum wage question as related to the cost of living which has appeared in print. Especially interesting are the reasons advanced by Mr. Justice Heydon for deciding that cost of living as a basis for establishing a living wage cannot, in times of war and uncertainty, be measured in the usual statistical way by taking account of changes in the index numbers showing variations in the prices of certain standard commodities. He had attempted thus to provide for changes in the minimum wage in his decision of 1914, but the war experiences soon demonstrated the impracticability of this mode of procedure at a time when the high cost of living compelled a wide use of substitutes by nearly all classes in the community.

M. B. HAMMOND.

Ohio State University.

Guild Principles in War and Peace. By S. G. HOBSON. (London: G. Bell and Sons. 1918. Pp. viii, 176. 2s. 6d.)

Curiously inadequate attention has been given in this country to the development of the national guild movement in England. This

is perhaps due to the fact that the guild idea—a frank attempt at compromise between syndicalism and state collectivism—did not begin to attract the notice of more than a limited circle of radical intellectuals until chronic industrial interest was quickened into the acute stage by the war, and industrial reconstruction gave certain promise of becoming the salient burning issue as soon as the war should come to an end.

The guild idea has been developed by Mr. A. R. Orage and colleagues in the *New Age* (founded in 1912), by Mr. G. H. D. Cole, and by the author of the little book before us. To the reader unfamiliar with the guild socialists' ideas this can be recommended as perhaps the best brief exposition of the case for national guilds. Mr. Hobson's style is free, vigorous, incisive, and not infrequently biting satirical. He writes with insight and something of a Ruskin-like fervor. In such a book the reader must not look for exhaustive analysis or unimpeachable logic. In a sense the book is superficial—it does not dig down and grapple seriously with logical and practical difficulties; in another sense it is far from superficial, for it is written with a depth of feeling and sincerity which suggests the presence of an intuition that may after all probe more directly to fundamentals than could any amount of formal economic logic. Especially in the emphasis of the human element as the "dominant" characteristic of labor, in the reiterated changes rung upon the thesis that labor must not be regarded as a commodity, and in his treatment of the wages system ("wagery" as he picturesquely calls it) as a great obstacle to "mankind's most precious gift," freedom—do we sense this Ruskin-esque quality.

Clearing the ground (somewhat) in the first 50 pages for the more constructive and critical later chapters, Mr. Hobson finds the former conservatism and "respectability" of the great trade unions rudely disturbed by the dock strike, the Taff Vale decision, and the advent of the Independent Labor party. In line with guild socialists' disbelief in political action in economic matters, he charges that later representation in Parliament has accomplished nothing essential, while profits for years have been increasing and real wages decreasing.

The only valid line of progress, he thinks, is to change the *status* of labor. Primarily this involves: (1) that labor shall not be regarded as a commodity—something whose purchase and sale is to be left to market competition; (2) that unemployment shall be

made a charge on industry itself, not on the worker or the whole community; and (3) that a real partnership of industry between brain workers and manual toilers must be constituted in joint management of the means of production.

But guild socialism, with its scheme of committees, councils, industrial congress, etc., is not syndicalism. The political state is retained, but divested of all economic function save the ownership of the means of production, which it rents to the guilds (the industrial state) "at a charge measured only by the state's requirements and not the full economic burden which the guilds could bear" (p. 60)—a point of possible interest to single taxers.

The "partnership" of industry must be between a party-of-the-first-part, not definitely named, and the representatives of labor organized into the amalgamated and federated industrial unions which must supersede the present dissociated craft unions. The inquisitive reader may want to know who the other partner is to be—since it is apparent that the capitalist is to disappear. Is it to be the technical men and the managers of the commercial side of the business? The point is not clear. In any case, however, the middle class—the "salaried," whose real interests lie with the workers, are to be members of the guilds—as is every worker by hand or brain. All who are not are subjects for pathological examination.

The productive possibilities of the new arrangement are touched upon (p. 52). Evidently socialism is regarded as having passed the stage where it need be on the defensive on this point. The guilds are by no means to be regarded as a sort of overgrown co-operative society. Their business will be on a gigantic scale. In a word, they are *national* in scope. In the author's opinion not more than twenty-five would be required. He does not say how he would dispose the workers in ill-defined industries—a difficulty which, by the way, confronts the Whitley plan as well.

Chapters 4, 5, 6, and 10 are marked by ironical criticism of the collectivism represented by Sidney Webb and his followers, and of Whitleyism as represented by the Garton Foundation Memorandum and the Whitley Committee reports. The Garton Foundation cribbed its ideas of industrial councils from guild socialism but its proposals are hollow and futile because they nowhere contemplate the abolishment or even any real modification of the wage system—and if there is any one cornerstone of guild philosophy it is that "wagery" must go. The author says:

We ask for genuine reconstruction founded upon the new conception of labor as a sanctified human factor; we get an evasion of the cardinal fact, and are offered workshop control plus an industrial national council, which would not trench upon the functions of Employers' Associations, who are still to profiteer to their hearts' content. . . . The main provisions of the Memorandum are doomed to failure because they deliberately refuse economic democracy. They do worse; they make a pretense of it, ". . . and this is to court not merely a storm of derision but to incite to anger the workers" (pp. 85-87).

The truth of this passage depends, of course, on the attitude of the workers. In any case it is evident that there may be definitions—and definitions—of "economic democracy." The matter is one of the psychology of labor's demands. The practicability or justice of demands is another question.

The weak points, and they are extremely serious, in Mr. Hobson's exposition are common to guild writers. (1) The functions of the political state (which Mr. Cole says is to represent the consumers) are not made clear. One labors with the impression that it will not have much to do, though this feeling is modified somewhat by the passage on "functional free-play" on pages 144-145. (2) The division of powers between the political state and the industrial guilds is very hazy. (3) The author passes over in a spirit almost of levity the problem of adjustment of payment under the guild system. The question of assignment of work he does not touch upon at all. As to payment it appears that everyone, save the old and incapacitated, is to be on monthly or annual salary whether actually employed or not—a proposal in keeping with the tenet that each industry should support its own unemployed. Perhaps there would in that case be fewer unemployed, perhaps not.

A. B. WOLFE,

University of Texas.

The I. W. W. A Study of American Syndicalism. By PAUL FREDERICK BRISSENDEN. (New York: Longmans Green and Company. 1919. Pp. 432. \$4.00.)

An admirable account of a little understood but most important phase of the American labor movement is given in this study. Dr. Brissenden brings out clearly the economic and philosophic background of American syndicalism, and, at the same time, avoids the danger of separating the theory from its application in the field of industry. He is able to do this because he has not de-

pended solely upon documents or the words of officials, but has actually seen the "wobbly" on strike, has noted the appeal of the leaders on the soap box, knows how the stage is set for a free speech fight, and how martyrdom is manufactured. He has been aided by a most revealing literature. The proceedings of the first convention in 1905 show every angle of radicalism, and the proponents of the various doctrines took full advantage of the free field open to them at that time. The numerous pamphlets and the columns of the many journals which have blossomed in the morning only to be cut down in the evening give without pose, or with such obvious pretense that actual frankness is achieved, a clearer idea of what is behind I. W. W.-ism than do the more sophisticated publications of better established labor organizations.

The equipment of the author and the tact with which he has handled his documentary material permit him to give us a history which not only the expert in labor economics will understand but, rarest of all feats, which will be comprehensible to the men within the movement itself.

The I. W. W. is an organization with many officers and very few privates. Founded in part as a protest against the "labor faker" and professional official, and with a consequent distrust of all leaders, it has developed an officialdom which is most powerful in dictating policies. Bill Haywood, the shrewd politician and able mob orator, the pathetic Daniel De Leon whose dry intellectualism dominated the first convention, but whose fanatical dogmatism wrecked every movement which he led, and other leaders of smaller importance reveal themselves in this book.

Dr. Brissenden emphasizes the struggle between the direct actionist and the political actionist and the impossibility of the labor movement surrendering either method. This was the logic of De Leon and his Detroit wing of the I. W. W. and it is unescapable, but it is equally clear that the dramatic free speech fight, the snap strike, sabotage, etc., which do not require patient organization, are more attractive to the type who might become I. W. W.'s. Hence few people have ever heard of De Leon's Detroit I. W. W., while the Chicago organization fills the headlines of the daily papers. The group who might have been attracted to De Leonism find a more fertile field "boring from within" in the American Federation of Labor.

The author tells us that "the negative and destructive items of the I. W. W. program are deliberately misconstrued and then

stretched out and made to constitute the whole of I. W. W.-ism. In reality they are only a minor part of the creed." Perhaps this is true, but is it possible to make such a sharp differentiation between creed and its mode of expression, which is almost entirely destructive?

Dr. Brissenden attacks the position of the prosecutors of the I. W. W. and the liberals who would kill I. W. W.-ism by kindness. "The improvement of working conditions in the mines and lumber camps would tend to eliminate the cruder and less fundamental I. W. W. activities, but it would not kill I. W. W.-ism." In De Leon's phrase it would put it on the "civilized plane." Every one who is familiar with the growth of quasi-syndicalist ideas within conservative trade unions will agree.

The book has a large bibliography and interesting appendices, including selections from the I. W. W. song-book.

SOLOMON BLUM.

University of California.

NEW BOOKS

ANDREWS, J. B. *Labor problems and labor legislation.* (New York: American Association for Labor Legislation. 1919. Pp. 136. 10c.)

ARNOT, R. P. *Facts from the coal commission.* (London: Miners' Federation of Great Britain. 1919. 6d.)

ATTERBURY, W. W. *The rights of those who labor. An address delivered before Department Number 2 of the Pennsylvania Railroad Woman's Division for War Relief.* (Philadelphia: Penn. R. R. Branch Y. M. C. A. 1919. Pp. 9.)

BLOOMFIELD, M. *Management and men.* (New York: Century Co. 1919. Pp. xv, 591. \$3.50.)

The title is inappropriate, for the book is a discussion of industrial conditions in general and of labor conditions in particular in Great Britain during the last years of the war and the first few weeks following the armistice. More than half of the volume consists of an appendix or source book of material which is used by the author as a basis for discussion. Footnotes make reference easy, and the arrangement is satisfactory, for it does away with the necessity of turning to other books and at the same time frees the text from the encumbrance of too much documentary material. There is much here that would be difficult for the average reader to obtain elsewhere. The index provided is too brief to serve satisfactorily the large mass of material presented.

The six chapters of text are most readable. In the first chapter, on From War to Work in Great Britain, are presented some of the important problems facing the British industrial world; such as the

housing problem, even more acute in Great Britain than it is here; women in industry, a question that the war has greatly increased in importance; alcoholism, one of the national curses of Great Britain, and the effects of which will be more noticeable in the future, if it is not curbed, because of the adoption of prohibition in this country. In the chapter on More Output is discussed the necessity of more output during the war and how this was met, taking up the question of the former restrictions laid by the trade unions on production and their being voluntarily given up during the war on the government's promise to restore them at its close. The continued necessity of large production during peace times is shown, and Mr. Bloomfield questions whether these restrictions will ever be revived in full vigor, believing that the working man himself will see their folly.

Under Sidelights on Industry in Great Britain are treated the demands of the men for a greater knowledge of modern business; also the coöperative store movement. The Control of the Job is the title of a chapter on the various agencies of the government, of employers, and of the men for meeting the present problems. The chapter on As the British Employer Sees It contains many quotations from expressions of opinion by British employers, the general tenor of which is that employers and employed are going to get together as never before for the solution of the problems which are confronting both. The last chapter, How British Labor Sees It, deals with the political action of British labor, the position of the British Labor party, and the differences between the British and American labor organizations.

Mr. Bloomfield is very optimistic in his opinion of the probability of the solution of the difficulties which now exist between employers and employed in Great Britain.

PAUL M. ATKINS.

BLOOMFIELD, D. *Selected articles on employment management.* (New York: H. W. Wilson Co. 1919. Pp. xx, 507. \$1.80.)

The articles are gathered principally from periodical literature but certain government publications have also been drawn upon. The collection shows discrimination and an intimate acquaintance with current literature, and will be valuable for students in university courses and as a reference book for employment managers.

The articles are classified under the following headings: Foundations of Employment Management, Aims of the New Science, Problems of Labor Maintenance, The Employment Manager, The Employment Department, The Supply of Workers, Placement-Promotion-Conclusion of Employment, How to Figure the Labor Turnover, The Cost of Labor Turnover, Medical Examination of the Workers, The New Foremanship, Coöperation in Management, Maintaining the Working Force, Service Features.

A secondary but important part of the book is a bibliography of recent literature, classified in a manner very similar to that given above. There is also a list of the employers associations, and the

appendix contains a collection of very suggestive forms for use in an employment department. The poorest part of the book is the index which is much too meager for the quantity of material presented.

P. M. A.

CARSON, J. O. *Internal law of trade unions; law of injunctions, picketing, boycotts and conspiracies as found in labor cases, with leading illustrative cases.* (Indianapolis: The author. 1919. Pp. 658.)

CARTWRIGHT, G. W. *Mutual interests of labor and capital.* Second edition, revised. (Los Angeles: Mutual Interests Association, 703 Van Nuys Bldg. 1919. Pp. 139. \$1.)

COHEN, J. H. *An American labor policy.* (New York: Macmillan. 1919. Pp. 110.)

Recognizes that both employers and labor must be organized. The right of employers to discharge and the right of labor to strike should be limited. Recommends that collective agreements be made which shall be registered with a public body and if approved these agreements shall have the validity of legal binding obligations. The author has had abundant experience as counsel for employers associations in the clothing industry in New York, and was active in the development of the protocol in the cloak and suit industry.

COLVIN, F. H. *Labor turnover, loyalty and output; a consideration of the trend of the times as shown by the results of war activities in the machine shops and elsewhere.* (New York: McGraw Hill. 1919. Pp. 152. \$1.50.)

COOPER, W. R. *The claims of labour and of capital.* (London: Constable. 1919. 2s. 6d.)

DESPLANQUE, J. *Le problème de la réduction de la durée du travail devant le parlement français.* (Paris: Rousseau. 1919. Pp. 558. 15 fr.)

HENDERSON, A. *The peace terms.* (London: The Labour Party, 33 Eccleston Sq. 1919. Pp. 11. 2d.)

HOLME, J. B. *British scheme for self-government of industry; and its counterpart in New South Wales.* No. 2. (Sydney: N. S. W. Board of Trade. 1919. Pp. 35.)

HUTCHINSON, E. J. *Women's wages. A study of industrial women and measures suggested to increase them.* Columbia University studies in history, economics and public law, vol. LXXXIX, no. 1. (New York: Longmans. 1919. Pp. 179. \$1.50.)

To be reviewed.

IOTEYKO, J. *The science of labour and its organisation.* (New York: Dutton. 1919. Pp. viii, 199. \$1.60.)

JENKINS, F. W. *Industrial hygiene. A bibliography.* (New York: Russell Sage Foundation Library. 1919. Pp. 4.)

KAHN, O. H. *Capital and labor a fair deal.* (New York: The author, 52 William St. 1919. Pp. 20.)

LEITCH, J. *Man-to-man. The story of industrial democracy.* (New York: B. C. Forbes, 299 Broadway. 1919. Pp. 249. \$2.)

To Mr. Leitch industrial democracy means in general the granting to the workers, by the management of industrial plants, a certain share in the determination of working conditions and even of wages, hours, etc. Specifically it means to him the particular type of industrial representation, patterned by analogy upon the model of our federal government, and comprising a "cabinet" of the company's executive officers (with absolute veto power), a house of representatives elected by the workers, and a senate made up (*ex officio*) of under-executives, department heads, and sub-foremen. This form of representation he has installed in over twenty establishments of very diverse type, a few of which he enthusiastically describes. Naturally Mr. Leitch, who is something of an optimist, sees his own plan in its best light and does not dwell upon its possible defects. That it will not at once bring on a millenium of industrial peace and goodwill is indicated by the fact that a combined strike and lockout is now (October, 1919) in progress in one of the plants in which he describes "industrial democracy" as having been most highly successful. This, however, is not necessarily a criticism of Mr. Leitch's plan alone. It is only proof that any system of employee representation which does not involve the closed shop, collective bargaining with organized labor, and an unmistakably genuine share in management for the workers may fail to produce permanent results.

Mr. Leitch's book is written in the breezy, straight-out-from-the-shoulder style of a man "selling an idea." It is uncritical and does not delve to bed rock in the psychology of the labor situation, but it is suggestive and worth reading.

A. B. WOLFE.

LINGLE, T. W. *Studies in the social and industrial conditions of women as affected by the war.* (Chapel Hill, N. C.: North Carolina University, Bureau of Extension. 1919. 25c.)

McIVER, R. M. *Labor in the changing world.* (New York: Dutton. 1919. Pp. x, 230.)

NEARING, S. *Labor and the league of nations.* (New York: Rand School of Social Science. 1919. Pp. 47. 10c.)

PARSONS, CAPT. *Revolution: industrial and political, viewed from both sides. Handbook on the new era, for shop stewards, trades-union leaders, and capitalists.* (London: British Empire Union. 1919. Pp. 64. 9d.)

PROBUS. *La constitution syndicale de la France.* (Paris: Grasset. 1919. 1 fr.)

RYAN, W. P. *The Irish labor movement from the 'twenties to our own day.* (Dublin: Talbot Press. 1919. Pp. 266. 4s. 6d.)

SCHERESCHEWSKY, J. W. *Industrial hygiene. A plan for education in the avoidance of occupational diseases and injuries.* Reprint No. 302 from the Public Health Reports, October 1, 1915. (Washington: Supt. Docs. 1919. Pp. 8.)

STODDARD, W. L. *The shop committee. A handbook for employer and employee.* (New York: Macmillan. 1919. Pp. 105. \$1.25.)

To quote the writer in the foreword, "This book is neither a treatise, a history, nor a complete study of the shop committee movement in the United States and abroad. It is primarily a handbook, designed to present only the essential principles and facts about this movement to those who desire to know what shop committees are and how they work in a few of the many instances in which they have been established." Mr. Stoddard has been very successful in conforming his book content to this design. His presentation is concise. The reader has the satisfying sense that the writer has confined himself to those facts which are unescapably fundamental to an understanding of the subject.

Unlike many handbooks, the book is not encyclopedic in form, but rather follows an entertaining historical-descriptive-expositional sequence. The opening chapters tell of the early beginnings of the shop committee movement in England and the work of the War Labor Board in America. An excellent chapter follows on the general principles involved, after which the basis of representation is discussed and four operating plans are described in detail. Valuable concrete information regarding election machinery and procedure is presented, the treatment closing with a statement of significant incidents occurring in plants where shop committees are operating, and a straightforward discussion of the relationship between the shop committee and the unions.

Brief, concrete, practical, the book finds welcome in the hands of the novice, who, beset and confused by the multitude of copious generalizations on the subject which fill the press, desires to grasp the essentials of the problem which clamors so insistently for consideration and solution in our present-day American industries.

E. H. SCHELL.

VALDOUR, J. *La vie ouvrière. L'ouvrier agricole.* (Paris: Rousseau. 1919. Pp. 309. 75 fr.)

WEBB, MRS. S. *The wages of men and women. Should they be equal? Minority report of the War Cabinet Committee on Women in Industry.* (London: Fabian Bookshop. 1919. 1s. 2d.)

WILSON, W. B. *The labor outlook for 1919.* (Washington: Supt. Docs. 1919. Pp. 15.)

WING, G. S. *Applied profit sharing.* (Cleveland, O.: Gardner Press, Caxton Bldg. 1919. Pp. 15.)

American company shop committee plans. (New York: Bureau of Industrial Research. 1919. \$1.)

- The economic structure of the league of nations.* (London: Labour Party, 33 Eccleston Sq. 1919. Pp. 46. 1s.)
- Hours and health of women workers.* (Springfield, Ill.: Legislative Reference Bureau. 1919. Pp. 120.)
- Hours of work as related to output and health of workers: metal manufacturing industries.* Research report 18. (Boston: National Industrial Conference Board. 1919. \$1.)
- The industrial council plan in Great Britain; reprints of the report of the Whitley committee and of related documents.* (New York: Bureau of Industrial Research. 1919. Pp. 132. 25c.)
- Industrial health and efficiency; final report, health of munition workers committee, Ministry of Munitions, Great Britain.* (Washington: Supt. Docs. 1919. Pp. 374.)
- Labour legislation in Canada for the calendar year 1918.* (Ottawa: Dept. Labour. 1919. Pp. 152.)
- The Labour party. Agenda for the nineteenth annual conference, June 25, 1919.* (London: Labour Party. 1919. Pp. 31.)
- Labour and the peace treaty, containing the text of the Southport conference.* (London: Labour Party. 1919. Pp. 15. 2½d.)
- The Labour year book 1919.* (London: Labour Party. 1919. Pp. 463. 3s. 6d.)
- Memorandum on the industrial situation after the war.* (London: Garton Foundation. 1919. 2s.)
- New York labor laws enacted in 1919.* (Albany, N. Y.: Dept. of Labor. 1919. Pp. 72.)
- Proceedings of the seventh annual convention of the Louisiana State Federation of Labor, April, 1919.* (Shreveport, La.: E. H. Zwally. 1919. Pp. 67.)
- Unemployment: Reconstruction pamphlets, no. 3.* (Washington: Committee on Special War Activities, National Catholic War Council. 1919. Pp. 16.)
- Women in industry. Report of the War Cabinet Committee on Women in Industry.* (London: Wyman. 1919. 1s. 6d.)
- Le problème du travail féminin.* (Paris: Association Française pour la Lutte contre le Chômage. 1919.)

Money, Prices, Credit, and Banking

War Borrowing: A Study of Treasury Certificates of Indebtedness of the United States. By JACOB H. HOLLANDER. (New York: The Macmillan Company. 1919. Pp. vi, 215. \$1.50.)

A comprehensive account of the successive issues of certificates and liberty bonds during the course of the war to the end of Oc-

tober, 1919, is given, and for this alone the book would prove very useful; but it is much more than a narrative of financial measures. Professor Hollander is convinced that the war might have been financed with advantage to the country in a somewhat different fashion from that which was adopted. He agrees in substance with those who hold that by financing a war mainly through taxation a country would escape inflation. Skeptical of the feasibility of that policy, and recognizing that inflation has, in fact, accompanied the acquisition of funds for the war by borrowing, he insists that inflation is not an inherent vice of the borrowing policy, but simply a result of the particular methods of borrowing which were adopted.

Following the precedent established by the countries engaged in the war from the outset, the United States adopted the policy of financing by means of frequent issues of certificates of indebtedness, which were successfully funded from time to time by sales of liberty bonds. These certificates were taken chiefly by the banks, which credited the government with the amounts of their subscriptions on their books as deposits. Except to the extent that the banks curtailed the grant of credit for other purposes in order to purchase the certificates, this stage in the process of financing the war was one of credit inflation pure and simple. The successive sales of liberty bonds, it is pointed out by Professor Hollander, did of course bring about contraction of expanded credits, but by no means to the full extent of the inflation due to the issues of certificates. While the importance of saving by bond subscribers was emphasized, the purchase of bonds by means of borrowing at banks was also encouraged.

Professor Hollander is convinced that there would have been little or no inflation if in place of certificates, after the first moderate issue, liberty bonds payable only on an instalment basis had been offered the public. Without doubt under this plan of financing, payment for bonds from savings would be facilitated, and consequently the importance of saving could be more effectively emphasized. It seems altogether unlikely however that this method of borrowing would have induced additional saving approaching in magnitude the huge volume of credit created during the war. To finance war without inflation there is but one sure way, the burdensome way of drastic taxation imposed from the beginning of hostilities upon all classes in the community. But this is another story. If, as is probable, in the future as in the past borrowing

is to be the main reliance of warring peoples, the method of borrowing urged by Professor Hollander should be given careful consideration.

Resort to credit expansion as a last alternative should prove somewhat, and might prove very much, more satisfactory than a policy which subjects economy and thrift to the unfavorable influences of inflation.

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Money and Prices. By J. LAURENCE LAUGHLIN. (New York: Charles Scribner's Sons. 1919. Pp. xi, 307. \$2.50.)

After stating his well known theory of prices, Professor Laughlin investigates in great detail the long-time swings of prices from 1850 to the end of the European war. The fruit of these studies is such as to convince the author of the soundness of his hypothesis that the more important price movements cannot be explained on the basis of the quantity of money in circulation or the volume of credit devices. So far as the amount of gold coin or standard money is concerned there normally cannot be a sufficient fluctuation to account for any exaggerated swing. As regards credit, particularly bank deposit credit, the author would remind us that the price making process usually precedes the creation of credit. For "any one will see at a glance that the forms of credit, such as bills, drafts, etc., arising for instance from the wheat crop, have no effect on the price of that crop—the price having been made antecedent to the creation of the forms of credit which came into existence only because of the actual sales of the wheat." In other words, the volume of credit adjusts itself to rather than determines prices. More important, therefore, as price determinants, should be such factors as trade combinations and monopolies, tariffs and trade unionism, consumers' extravagance, and wasteful methods of market distribution. And in each of the periods whose price movements are examined the author finds a wealth of data to support his position.

While much of this would be granted by any monetary theorist, few will be unable to find in the pages of this work sufficient ground for extensive controversy. Despite the author's statistics, new accretions of gold seem in more than one period of pronounced price change to have been much more important than we are led to believe. At least since 1914 money imports must account for

a large fraction of the gold now in the country. Most students will also find much from which to dissent in following through the argument that credit is comparatively unimportant as a price-determining factor because it is usually called into being after prices have been fixed. Does not the *availability* of credit have considerable to do in determining whether and at what prices transactions shall be made? And after the credit has once been created does not its use affect the money offerings for goods on the part of those to whom this credit may have been transferred? The general reader, therefore, will no doubt regret the author's refusal to delve more deeply into the question of the power of unused bank credit to work itself into prices through affecting business confidence and entrepreneurial activity. This is all the more disappointing in view of the recent explanation of Governor Harding of the Federal Reserve Board that the increased volume of bank credit is the result, not the cause, of enhanced prices. The reviewer believes that the practical application of this theory is responsible for no small measure of the present economic discontent and of the agitation over the high cost of living.

HAROLD L. REED.

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NEW BOOKS

- BRADY, J. E. *Digest of the banking law journal*. Second edition. (New York: Banking Law Journ. 1919. Pp. xv, 408.)
- BURTON, T. and SELDEN, G. C. *A century of prices*. (New York: Mag. of Wall St. 1919. Pp. 108. \$2.)
- COMBAT, F.-J. *Les opérations de banque*. (Paris: Berger-Levrault. 1919.)
- ESTEY, H. G. *Cost of living in the United States. Bibliography*. (Boston: The author, 38 St. Stephens St. 1919. Pp. 16.)
- FISKE, A. K. *The modern bank. A description of its functions and methods and a brief account of the development and present systems of banking*. (New York: Appleton. 1919. Pp. xiv, 345. \$2.25.)
- HAWTREY, R. G. *Currency and credit*. (London: Longmans. 1919.)
- KNOWLES, M. *Fair average prices in cost of reproduction and the trend of prices after the war*. (Philadelphia: Automatic Printing and Stationery Company, 826 Arch St. 1919. Pp. 15.)
- LESHER, C. E. *Prices of coal and coke 1913-1918*. Mineral resources of the United States, 1918, pt. 2, no. 4. (Washington: Supt. Docs. 1919. Pp. 115.)

- LEWIS, P. G. *The solution. "Fictions in finance" exposed; a financial diagnosis and a financial remedy.* (Milwaukee: Pabst Pub. Co. 1919. Pp. 174.)
- LORENZEN, E. G. *The conflict of laws relating to bills and notes, preceded by a comparative study of the law of bills and notes.* (New Haven: Yale Univ. Press. 1919. Pp. 337.)
- MITCHELL, W. C. *International price comparisons.* (Washington: War Industries Board. 1919. Pp. xii, 395. 25c.)
- MORGAN, G. W. and PARKER, A. J., JR. *Banking law of New York. Chapter 2 of consolidated laws, chapter 369, laws of 1914 with notes, annotations and references.* Fourth edition. (New York: Banks Law Pub. Co. 1919. Pp. vi, 567.)
- NESBITT, F. *The Chicago standard budget for dependent families.* (Chicago: Chicago Council of Social Agencies. 1919. Pp. 39. 1919. 25c.)
- NICHOLSON, J. S. *Inflation of the currency.* (London: King. 1919.)
- OWEN, R. L. *The federal reserve act.* (New York: Harper. 1919. Pp. 107.)

This little book is written purely as a personal reminiscence and will be of chief value in setting forth the views of one who probably had more to do in determining the final form of the Federal Reserve act than any other legislator. It will prove helpful in enabling students to interpret more accurately certain passages of the act which from the standpoint of the framers' intent may seem somewhat ambiguous.

In the words of the author the "backbone of the Federal Reserve act is:

1. A quick available supply of elastic currency for business men;
2. Issued and controlled by the Government;
3. Against adequate security, consisting of gold, commodity or commercial bills or acceptances, and U. S. bonds;
4. Under an interest charge high enough to prevent inflation by compelling contraction."

The author shows how for years despite the most vigorous opposition he fought consistently for these principles. In 1900 in proposing an amendment to a bill contemplating the amendment of the National Bank act he found them unacceptable to Senator Aldrich. When the bitter consequences of the panic of 1907 led to the partial acceptance of these principles in the Aldrich-Vreeland bill there were too many obstructions in the way of quick circulating notes, and Senator Owen pointed out how such an act, while useful in "abating a panic after its occurrence," would not serve to prevent a panic from arising. He who believes that the Federal Reserve act was in large part a copy of the National Monetary Commission's bill will find much of interest in these passages. The

author maintains vigorously that in its fundamentals the act expresses his own rather than Senator Aldrich's views.

This book may appear to place too great emphasis upon the federal reserve system as an institution for providing an elastic currency. Little is said about elasticity of deposit credits, centralized control of interest rates and gold movements, or concentration of bank reserves. But the author reminds us that he had no time to write a comprehensive history of the act. The reader should be careful, therefore, to remember the author's intention.

HAROLD L. REED.

OWEN, R. L. *Foreign exchange*. (New York: Harper. 1919. Pp. 79.)

The principles of foreign exchange are discussed only to the extent necessary to explain the difficulties encountered through the recent depreciation of the dollar in terms of the currencies of Spain and the several Scandinavian countries. The author shows how the use of dollar credits by our wartime allies gave Spanish banks an over-supply of dollar credits and how, as a consequence, the dollar fell to a discount in Spain despite our favorable trade balance with that country. This decline in the dollar exchange rendered more expensive the conduct of the war on the part both of our Allies and ourselves, and, moreover, could not redound to the permanent benefit of Spanish industry. It meant the checking of imports of non-essential war goods from Spain, and accordingly left Spanish industry with more difficult problems of economic reconstruction.

In searching for a remedy for such exchange difficulties the author refuses to place reliance upon private bankers because they are primarily interested in profits and commissions, and the possibilities of exacting these may be even greater in days of great exchange fluctuations. We cannot rely upon any of the existing federal reserve banks because each of these is sufficiently occupied with domestic problems, and no one of them can fail to take into account the special requirements of its own district. The author, therefore, recommends the establishment of a Federal Reserve Foreign Bank equipped with the powers necessary to maintain the dollar at its normal gold par and to provide American trade with the necessary foreign credits.

Now that the dollar discounts have disappeared, much of the author's discussion is no longer pertinent in determining the need for such a bank. But the problem still remains of maintaining the dollar as a medium of international payments and of guaranteeing to American industry and commerce the credits for foreign operations. It is to be hoped that the author will make a further contribution regarding the need for such a bank on the basis of existing difficulties in foreign trade and international finance.

HAROLD L. REED.

SYLVESTER, I. W. *The evolution of money*. (Passaic, N. J.: Daily News Print. 1919. Pp. 48.)

- THOMSON, W. *Dictionary of banking*. Second edition, revised and enlarged. (London: Pitman. 1919. Pp. 633. 30s.)
- TODD, J. A. *The mechanism of exchange. A handbook of currency, banking, and trade in peace and war*. Second edition. (New York: Oxford Press. 1919. Pp. xiv, 273. \$3.75.)
- WALL, A. *The bankers' credit manual*. (Indianapolis: Bobbs-Merrill. 1919. Pp. 248. \$4.)
- Changes in the cost of living, July, 1914-July, 1919*. Research report no. 19. (Boston: National Industrial Conference Board. 1919. Pp. 31.)
- A comparison of prices during the Civil War and present war*. (Washington: U. S. War Industries Board, Division of Planning and Statistics. 1919. Pp. 54.)
- Digest of the federal reserve act, including amendments*. (New York: Guaranty Trust Co. 1919. Pp. 55.)
- The star rare coin encyclopedia*. Eighteenth edition. (Fort Worth, Texas: Numismatic Bank of Texas. 1919. Pp. 207.)
- Wartime changes in the cost of living. July, 1914-March, 1919*. Research report no. 17. (Boston: National Industrial Conference Board. 1919. Pp. 31.)

Public Finance, Taxation, and Tariff

- The Taxation of Capital*. By SIR ALFRED W. SOWARD and W. E. WILLAN. (London: Waterlow and Sons Limited. 1919. Pp. xvi, 408. 18s. 6d.)

Though called forth by the current British discussions concerning a possible capital levy to defray the costs of the war, this book is mainly concerned with the British "death duties," which are considered to be essentially levies on capital. Especial attention is paid to the history of progressive rates and to the possibilities of double taxation, both domestic and international. The corporation duty is also considered, as a substitute for death duties on property the owner of which never dies.

It is natural that the two authors, being lawyers and government officials, should have emphasized the historico-legal points at the expense of the strictly economic ones. Not that these are wholly neglected: in the first chapter there is a brief outline of the theoretical justifications of the taxation of inheritances, and later there are similar outlines relating to progression in rates and taxable situs. But no new light is shed on what to an economist seems the most vital point in the taxation of capital, its effect on

wealth and progress. There are only some quotations from well known authorities, with little to indicate the authors' own opinion.

"Capital" is understood to comprehend "all those things which can be the subject of ownership without regard to whether they are income producing or not"; in other words, what writers on taxation have usually called property. In accordance with this definition, several existing or proposed taxes are discussed which are assessed on property though generally paid out of income. The discussion of the American general property tax is limited to quoting several severe denunciations, with no account of the usual rates nor the yield. It is difficult to understand such neglect of a system of taxation which annually brings in over a billion dollars and under which one hundred million free citizens, like Jeshurun, wax fat and kick. The objections to the general property tax become weighty only when the rate is unduly high; witness its history in the United States before the Civil War, and in some Swiss cantons, and also the success of the low flat taxes on intangibles in Pennsylvania, Maryland, Rhode Island, and other states. In fact, experience shows that rates as high as 6 per mille can be collected. If this were more commonly known in England perhaps there would not be so much objection to the Fabian Society's proposal, and others similar, for a temporary tax on capital, which contemplate only 1 per cent or so per year for some ten years. Such a tax newly introduced might be expected to be more disturbing than one to which industry and property have adjusted themselves, but 1 per cent on property is after all only equivalent to an additional income tax of some 20 per cent on "unearned" income, including in income the enjoyment derived from the possession of consumers' wealth, which is not at present systematically taxed in England. Still, the maximum rate of the German Imperial Wehrbeitrag of 1913 was only 1.5 per cent and yet it was thought necessary to collect it in three instalments; so to find a rate of 1 per cent per year meeting opposition in England is not surprising. The Germans seem more willing to revise their ideas on this subject, if Herr Erzberger's proposal of a tax of 64 per cent is seriously meant.

Another regrettable feature is the failure to give some idea of the rates of the state inheritance taxes in this country. No account of the federal tax can give an adequate idea of the extent to which capital is burdened unless the state taxes are also considered, especially since so many of them are imposed at higher rates than the federal.

The authors regard that part of the inheritance tax which falls on the estate as a capitalized income tax on funded income and suggest that the rates should correspond to the average rates of the income tax during the current generation. The inheritance tax on heirs, which they call an acquisition duty, is based on the doctrine of escheat. This is good enough law, but it is doubtful if the ordinary heir perceives any distinction.

Some of the more important chapters relate to the death duties in Ireland, the corporation duty and dual taxation. There is a discussion of the legal meaning of the term "direct taxation" which in England is now by court decision the same as defined by John Stuart Mill. No attempt is made to explain the American judicial interpretation of the term. At times the authors have employed language that would indicate that they were writing for a legally-trained audience, as in the case of the words "cesser" (p. 23), "user" (p. 191), and "legitim" (p. 390). It is rather surprising then to find a footnote (p. 71) to the effect that Disraeli and Lord Beaconsfield were the same person. Is it possible that the legal profession in England is not expected to be acquainted with modern history? Another questionable point is the translation of the German *Land* by "land" on page 372; "country" or "nation" would better convey the meaning.

One of the best chapters in the book is that devoted to estimates of capital wealth, both because of its description of methods of estimating and because of its collection of estimates, especially recent ones. In this, and in all discussion of English affairs, the book is interesting and helpful. It is strictly up-to-date and abundantly supplied with references. It will be of much assistance to advanced students of taxation. It will not, however, be of much value in the ordinary work in public finance as given in American universities.

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NEW BOOKS

- AGGS, W. H. *Income tax act, 1918.* (London: Sweet & Maxwell. 1919. Pp. 246.)
- BATTUT, A. *L'impôt sur les traitements, salaires, pensions et rentes viagères. Commentaire théorique et pratique de la loi du 31 juillet 1917.* (Paris: Tenin. 1919. 5 fr.)
- BLACK, H. C. *A treatise on federal taxes.* Fourth edition. (Kansas City: Vernon Law Book Co. 1919. Pp. xxxi, 704. \$6.)

- BLANKART, C. *Die Devisenpolitik während des Weltkrieges, August 1914-November, 1918.* (Zürich: Art. Institut Orell Füssli. 1919. Pp. xiii, 255. 14 fr.)
- CREANGA, C. D. *Les finances roumaines sous le régime de l'occupation et de la paix allemandes. I. L'émission de papier-monnaie. II. La Roumanie en coupe réglée.* (Paris: Berio. 1919. Pp. 50; 128. 3 fr.; 6 fr.)
- ELIACHEFF, B. *Les finances de guerre de la Russie.* (Paris: Giard & Brière. 1919. 12 fr.)
- FITZPATRICK, J. T., editor. *Tax law of the state of New York, being 1. 1909, chap. 62, entitled "An act in relation to taxation, constituting chapter 60 of the consolidated laws" with all amendments to the end of the legislative session of 1919.* (New York: Baker, Voorhis & Co. 1919. Pp. 314.)
- FOXWELL, H. S. *Papers on current finance.* (London: Macmillan. 1919. Pp. xvii, 280. 10s.)
- GASKELL, T. P. *The curse of Cobdenism.* (London: King. 1919. 3s. 6d.)
- GRILLI, C. *La questione economica della donna.* (Rome: Tipografia del' Unione Editrice. 1919. Pp. 12.)
- HAIG, R. M. *Report on taxation in the Province of British Columbia. In Reports of the Board of Taxation.* (Victoria, B. C.: Board of Taxation. 1919. Pp. 53.)
- HOBSON, J. A. *Taxation in the new state.* (London: Methuen. 1919. Pp. 266. 6s.)
- HUGUES, P.-E. *Un impôt sur le revenu sous la Revolution. Histoire de la "contribution patriotique" dans le Bas-Languedoc.* (Paris: Edouard Champion. 1919. Pp. lxxvii, 328. 8 fr.)
- JOSSE, P. *Le nouveau système des impôts directs d'état en France.* (Paris: Sagot. 1919. Pp. xx, 269. 12 fr.)
- HUBBELL, C. H. *A story of the income tax, an aid to the application of the 1919 revenue act.* (Cleveland, O.: First National Bank Trust & Savings Co. 1919. Pp. 115.)
- MONTGOMERY, R. M. and ALLEN, W. *Excess profits duty and excess mineral rights duty. Second edition.* (London: Butterworth. 1919. Pp. 171.)
- POWELL, H. M. *The taxation of corporations and personal income in New York.* (New York: Clark Boardman. 1919. Pp. vi, 400.)
The revised edition of the author's book, *The Taxation of Corporations*, has been combined with a commentary on the substantive and case law on the taxation of personal incomes.
- POWELL, T. R. *Indirect encroachment on federal authority by the taxing powers of the states.* (New York: National Tax Association. 1918. Pp. 609.)

- PUPIN, R. *Richesse privée et finances françaises de l'avant-guerre et de l'après-guerre.* (Paris: Delagrave. 1919. 3.50 fr.)
- SNELLING, W. E. *Inhabited house duty.* (London: Pitman. 1919. Pp. 356. 12s. 6d.)
- UNDERHAY, F. G. *Income tax act, 1918.* (London: Solicitors' Law Stationery Society. 1919. Pp. 270. 6s. 6d.)
- WARBURG, P. M. *Government loans and taxation. Remarks made in opening the discussion at the annual meeting of the Chamber of Commerce of the United States of America, April, 1919.* (New York: The author, 17 East 80th St. 1919. Pp. 7.)
- WEBB, S. *National finance and a levy on capital.* (London: Fabian Soc. 1919. Pp. 19. 2d.)
- WILLOUGHBY, W. F. *Government organization in war time and after.* (New York: Appleton. 1919. Pp. xix, 370. \$2.50.)
- An analysis of Toronto's budget for 1919.* (Toronto: Bureau of Municipal Research. 1919. Pp. 30.)
- The Corporation Trust Company's 1918-1919 income tax service.* (New York: Corporation Trust Co. 1919. Pp. 431.)
- Part 1 gives the income tax law of 1918; part 2, the regulations issued since February 12, 1919; and part 3, supplementary matters including a table of forms and an index.
- Federal revenue act of 1918; complete text, with reference notes, table, and index.* (New York: National Bank of Commerce. 1919. Pp. 236.)
- Income tax. First instalment of minutes of evidence of the Royal Commission on the Income Tax, with appendices.* (London: Wyman. 1919. 1d.)
- The income tax law, the war profits and excess profits tax law, the estate tax law, the capital stock tax law, and general and administrative provisions relating thereto, as contained in the revenue act of 1918.* (Washington: Barry Mohun, Maryland Bldg. 1919. Pp. 126.)
- Income tax primer for farmers.* (Washington: U. S. Office of Internal Revenue. 1919. Pp. 27.)
- New York state franchise tax on business corporations. Amendments of 1919.* (New York: Guaranty Trust Co. 1919. Pp. 45.)
- Proceedings of the eighth state tax conference, Albany, New York, January 22-24, 1919.* New York State Tax Bulletin, vol. IV, no. 4. (Albany: State Tax Dept. 1919. Pp. 381.)
- The following papers are included: Fiscal difficulties and the way out, by E. R. A. Seligman; The need of a state income tax, by L. A. Tanzer; Model tax system, by C. J. Bullock; Uniform date of assessment, by C. J. Tobin; Costs and needs of the government

of the city of New York, by C. L. Craig; Review of tax legislation in New York for the years 1917 and 1918, by W. E. Hannan; State franchise taxation, by E. N. Goodwin; State income tax on corporations, by H. M. Powell; and Taxation of public service corporations in the state of New York, by M. H. Hunter.

Proposed tax increases for the city of Chicago, the board of education, and Cook county. (Chicago: Bureau of Efficiency, 315 Plymouth Court. 1919. Pp. 17.)

Regulations 45, relating to the income tax and war profits and excess profits tax under the revenue act of 1918. (Washington: Supt. Docs. 1919. Pp. 306. 15c.)

Tax laws of Maryland. A compilation of the statutes relating to taxation, arranged in accordance with the code of public civil laws, together with constitutional provisions and references to decided cases. (Baltimore: State Tax Commission. 1919. Pp. 129.)

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Population and Migration

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LANFRANCO-MAROI. *I fattori demografici del conflitto Europeo.* (Rome: Athenaeum. 1919. Pp. 596.)

Immigration. Statistics and charts. (New York: National Committee for Constructive Legislation, 105 East 22d St. 1919. 25c.)

Our immigration and naturalization laws; amendments urgently needed to protect American standards of labor, to safeguard our national institutions, to put right our relations with Asia. Revised edition. (New York: National Committee for Constructive Immigration Legislation. 1919. Pp. 12.)

Social Problems and Reforms

NEW BOOKS

ALDRIDGE, H. R. *Housing at the close of the war.* (London: Christian Social Union. 1918. Pp. 15.)

AUGUY, M. *Une solution de la crise du logement.* (Paris: A. Piret. 1919. Pp. 61.)

BALKIN, H. H. *The new science of analyzing character.* (Rochester, N. Y.: The author. 1919. Pp. 249.)

- BAWDEN, W. T. *Vocational education*. U. S. Bureau of Education bull. 25. (Washington: Supt. Docs. 1919. Pp. 30.)
- CABOT, R. C. *Social work; essays on the meeting-ground of doctor and social worker*. (Boston: Houghton Mifflin. 1919. Pp. xxvii, 188. \$1.50.)
- CARVER, T. N. *Government control of the liquor business in Great Britain and the United States*. Carnegie Endowment for International Peace preliminary economic studies of the war, no. 13. (New York: Oxford Univ. Press. 1919. Pp. 192.)
- EVANS, F. N. *Town improvement*. (New York: Appleton. 1919. Pp. xvi, 261. \$2.50.)
- DORAN, M. S. and REYNOLDS, B. C. *The selection of foster homes for children. Principles and methods followed by the Boston Children's Aid Society with illustrative cases*. (New York: N. Y. School for Social Work. 1919. Pp. 74.)
- HOFFMAN, F. L. *A plan for a more effective federal and state health administration*. (Newark, N. J.: Prudential Press. 1919. Pp. 87.)
- HUGHES, W. R., editor. *New town: a proposal in agricultural, industrial, educational, civic, and social reconstruction*. (London: J. M. Dent & Sons. 1919. Pp. 141.)
- KURTZWORTH, H. M. *Industrial art a national asset; a series of graphic charts*. U. S. Bureau of Education, industrial education circular 3. (Washington: Supt. Docs. 1919. Pp. 31.)
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- MADDOX, W. A. *The free school idea in Virginia before the Civil War; a phase of political and social evolution*. (New York: Teachers College, Columbia University. 1918. Pp. 225.)
- MADSEN, A. W. *House famine and the land blockade. Land and liberty series*. (London: United Com. for Taxation of Land Values. 1919. 1d.)
- MINER, J. B. *Deficiency and delinquency; an interpretation of mental testing*. Educational psychology monographs 21. (Baltimore, Md.: Warwick & York. 1919. Pp. 355. \$2.25.)
- MORRIS, M. *The story of English public health*. (London: Cassell. 1919.)
- DE PAEUW, L. *The vocational reëducation of maimed soldiers*. Translated into English by B. MONCHEUR and E. K. PARROTT. (Princeton, N. J.: Princeton Univ. Press. 1918. Pp. xxi, 188.)

- PAGE, J. F. *Socializing for the new order; or, educational values of the juvenile organizations, including a resumé of boy scouts, camp fire girls, and twelve other organizations.* (New York: Methodist Book Concern. 1919. Pp. 104. 85c.)
- PALMER, G. H. *Altruism; its nature and varieties.* The Ely lectures for 1917-1918. (New York: Scribner. 1919. Pp. 138. \$1.25.)
- PHELAN, J. J. *A study of commercial recreation. Pools, billiards and bowling as a phase of commercialized amusements.* (Toledo, O.: Little Book Pub. Co. 1919. Pp. 185. \$1.50.)
- ROBERTS, G. E. *Causes underlying the social unrest.* (New York: National City Bank. 1919. Pp. 20.)
- ROBERTS, L. *What is malnutrition? Hundreds of thousands of American children are undernourished.* Children's year follow-up series, no. 1. (Washington: Supt. Docs. 1919. Pp. 20.)
- ROBERTSON, J. *Housing and the public health.* (London: Cassell. 1919. Pp. 170. 5s.)
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- SCURFIELD, H. *Infant and young child welfare.* (London: Cassell. 1919.)
- SHERBON, F. B., M.D. and MOORE, E. *Maternity and infant care in two rural counties in Wisconsin.* Rural child welfare series, no. 4. (Washington: Supt. Docs. Pp. 92. 10c.)
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WILLOUGHBY, W. F. *Government organization in war time and after. A survey of the civil agencies created for the prosecution of the war.* (New York: Appleton. 1919. Pp. 370. \$2.50.)

WILSON, L. E. *Community leadership, the new profession.* (New York: American City Bureau. 1919.)

WINSLOW, E. A. *Budget planning in social case work.* (New York: Charity Organization Society, 105 East 22d St. 1919. Pp. 31. 15c.)

WITHERS, H. *The need for saving in peace time.* (London: National War Savings Committee, Salisbury Sq. 1919. Pp. 32. 2d.)

WOOD, E. E. *The housing of the unskilled wage earner.* (New York: Macmillan. 1919. Pp. 321. \$2.25.)

WORSFOLD, W. B. *The war and social reform. An endeavor to trace the influence of the war as a reforming agency, with special reference to matters primarily affecting the wage-earning classes.* (London: Murray. 1919. Pp. 248.)

Commission of immigration and housing of California. Annual report. (Sacramento: California State Printing Office. 1919. Pp. 80.)

Digest of the law relating to common law marriage in the states, territories, and dependencies of the United States. (Washington: Supt. Docs. 1919. Pp. 54.)

Housing problems in America: proceedings. (New York: National Housing Assoc. 1919. Pp. 369. \$2.)

A list of books relating to housing, in the library. (Boston: Public Library. 1919. Pp. 22.)

List of references on the economic value of education. (Washington: U. S. Bureau of Education Library. 1919. Pp. 7.)

Junk dealing and juvenile delinquency. (Chicago: Juvenile Protective Assoc., 816 South Halsted St. 1919. Pp. 60. 25c.)

The negro in business in Philadelphia. (Philadelphia: Armstrong Assoc. 1919. Pp. 14.)

Rehabilitation, mental, physical, vocational, of crippled and disabled soldiers. Select list of references to books and periodicals in the library. (Chicago: Chicago Public Library. 1919. Pp. 19.)

Report on the problem of refuse collection in the city of Rochester, N. Y. (Rochester: Bureau of Municipal Research. 1919. Pp. 138.)

Selected bibliography of industrial housing in America and Great

Britain during and after the war. Reprint from report of Bureau of Industrial Housing and Transportation. (Washington: U. S. Housing Corporation, U. S. Dept. Labor. 1919. Pp. 19.)

Schools and factories. Sanitary series, Framingham monograph no. 6. (Framingham, Mass.: Community Health Station. 1919. Pp. 62.)

The welfare of the children of women employed in factories in France and Germany. (London: Intelligence Department. 1919. Pp. 58. 6d.)

The welfare work of the Metropolitan Life Insurance Company for its employees. Reports for 1918. (New York: The Company. 1919.)

Arbeidersbudgets gedurende de Crisis (Tweede bundel). Uitgegeven voor rekening van het Department van Arbeid. (Leyden: Department van Arbeid. 1919. Pp. 125.)

Insurance and Pensions

Sources and Characteristics of the Principal Mortality Tables. By HENRY MOIR and others. Actuarial Studies, No. 1. (New York: The Actuarial Society of America. 1919. Pp. iv, 79.)

Graduation of Mortality and Other Tables. By ROBERT HENDERSON and H. N. SHEPPARD. Actuarial Studies, No. 4. (New York: The Actuarial Society of America. 1919. Pp. v, 82.)

The Actuarial Society of America is publishing a set of small volumes to assist students of actuarial science and to furnish means of ready reference for actuaries. The two books under review are the first of this set to appear. The mortality table as the basis of all life insurance contracts is first emphasized in book No. 1. Then after commenting on the presumption of the existence of mortality tables among the Romans, the history of existing tables is taken up in an interesting manner beginning with the work of Halley in 1693 in the construction of Halley's Table from the registers of death in the city of Breslau. The most important facts as to the sources of more than thirty different sets of data from which mortality tables have been formed are given and pertinent comments are made on the characteristics of the resulting tables.

For a small book, it contains a wealth of reliable information that will be found useful to any serious student of insurance. However, it would be a mistake to infer from the title and treatment that the book deals with all or nearly all the important mortality tables that are or have been used in the world. Indeed, the treatment is confined almost entirely to British, American, and

Canadian tables. Exceptions to this are found in the mention of early French tables, Gotha Life Office Tables, Japanese Life Tables, Danish Survivorship Tables, and references to mortality investigations in tropical regions. No mention seems to be made of a number of carefully prepared French and German tables covering large experiences, or of tables of other countries of continental Europe.

As the book is intended to supply a means of ready reference for actuaries, it is fair to say that for this purpose it could be improved by the addition of an index. We may, however, overlook this slight defect in the light of the large service that has been rendered in preparing so handy a little volume, with suitable references for a more thorough study of the subject.

No. 4 of the series of Actuarial Studies begins with an explanation of the reason for the graduation of serial statistics. The fact is recognized that both with frequency distributions and with tables of ratios arranged in seriate order, it is a natural assumption that if the number of cases involved were indefinitely increased, the resulting values would exhibit marked regularity. It is aptly pointed out that the purpose of graduation is to make as near an approach as possible to a table showing the results of an unlimited experience.

The criteria of a good graduation are next considered. Smoothness of results and closeness to the observed facts are the criteria to be applied. With respect to smoothness, it is stated that if the series is determined by a mathematical formula, this is usually taken as a sufficient test; but, when not so determined, the criterion usually adopted is smallness of third differences of the graduated series. It should perhaps be pointed out that specification of the smallness of third differences is a very different condition from the representation by a mathematical function. In fact, the requirement that third differences shall vanish is equivalent to a condition that a polynomial of degree two represent the graduated series. By allowable inference, under assumptions of continuity, the condition that third differences shall be small implies that a second degree polynomial shall approximate the distribution. This is a very special function compared to general frequency formulas. The book calls attention to Pearson's test of goodness of fit but no attempt is made to apply it.

The main part of the book deals with graduation by four dif-

ferent methods: by graphical representation, by interpolated series, by summation formula, and by a mathematical function. The treatment is necessarily so brief that the references to papers listed in the bibliography at the end of the book are very valuable for the student who is to make a thorough study and applications of the theory presented. Corresponding to the four methods of graduation, there are presented four different graduations of the same rough data—the experience of British Offices on female lives insured on the ordinary life participating plan excluding the first fifty years of assurance. Comparisons are made of the four sets of results with respect to smoothness and agreement with the original data. As applied to this sample of data, the conclusion drawn is that the order of the methods with respect to smoothness is: first, the mathematical function given by Makeham's formula; second, graphic method; third, summation; and fourth, interpolation.

It is well recognized that graduation by certain mathematical functions possesses advantages over all others on the score of smoothness. It is well maintained in this book that the choice of methods becomes a question whether the total of deviations from the original distribution irrespective of sign does not materially exceed the expected, and whether any special feature of the distribution is well represented. Indeed, on account of the additional advantages in connection with joint life insurance, it is held that a very liberal interpretation should be given to these two conditions before discarding Makeham's formula when joint life business is involved.

Where a mathematical law cannot be applied, the position is taken that in case of scanty data it will usually be found that the graphic method will produce best results. Where extensive data are available, a more satisfactory set of results is likely to come from the method of interpolation or summation as these do not depend on the personal judgment of the operator except in the selection of the formulas for graduation.

In conclusion, it should be said that this book will be very useful both to students and to trained actuaries because it brings into convenient form the essential ideas of graduation, and gives references to the literature that will facilitate a more careful study of this subject.

It appears that on page 42, line 22, the expression $\frac{l_x \mu_x d_x}{l_o}$ should read $\frac{l_x \mu_x dx}{l_o}$. That is to say, the subscript x on d should not be a subscript, but should be a part of dx .

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Federal Military Pensions in the United States. By WILLIAM H. GLASSON. Edited by DAVID KINLEY. Carnegie Endowment for International Peace, Division of Economics and History. (New York: Oxford University Press. 1918. Pp. xii, 305. \$2.50.)

An impartial survey of the pension system of the United States has long been desired by students of political and economic history. The timely appearance of such a volume as this, just as our government was changing from the antiquated system of paying pensions for military and naval service, to the more modern theory of providing war risk insurance to all men enrolled in the service, adds to the value of this book.

The volume stands alone in the field of pension history. The origin and gradual growth of the American system of pensioning all men who performed military and naval service, the history of the numerous laws governing their application, the impulses—sometimes patriotic but more often political—that lay back of the passage of these laws, and the economic and moral effects resulting from such a system, are treated thoroughly and impartially.

Due to the fact that our federal pension laws make a sharp distinction between military services performed prior to March 4, 1861, and services rendered since that date, the author has wisely divided the book into two parts. In part I, he discusses the English and colonial origins of pensions; the Revolutionary pensions from 1776 to 1789, and from 1789 to 1878; Regular Army and Navy pensions; and the War of 1812, Indian Wars and Mexican War pensions. By far the most valuable chapters are the two dealing with the Revolutionary pensions from 1776-1789 and from 1789-1878. The frequent demands made by the soldiers of the Revolutionary War upon their own commonwealth and upon the members of the Continental Congress for assurances that they would be cared for in case they were wounded, the repeated threats

of the officers to resign from service unless they were promised half pay for life, the persistent efforts of Washington to induce the feeble congress to make this provision, and the bitter opposition that developed among the civilian population immediately following the passage of the five year Commutation act in March 1783, are here set forth for the first time in a most detailed but intensely interesting manner. The fear that a privileged class of pensioners, living upon the pay of the government, would eventually overthrow the principles of liberty and democracy so recently won, found expression in almost every town meeting in New England. The author shows how this fear gradually subsided, and with the lapse of years a more generous policy developed, until finally in 1828 full pay for life was granted to all officers and soldiers of the Revolution who served to the end of the war.

More than half of the volume is taken up with a discussion of the Civil War pensions. In four chapters the author deals with the enactment and operation of the General Pension Law System; the Arrears Act of 1879; the Dependent and Service-Pension Acts of 1890; and Special Pension Legislation. At the outset the reader feels a sense of pride when he learns of the generous spirit that guided the members of Congress to provide so liberally for those who risked their lives in defense of the Union. But as the story progresses and each succeeding year finds tens of thousands of unworthy persons pressing their claims for pensions to which they were not entitled, aided by unscrupulous claim agents, a feeling of shame seizes us.

Also, some of the unprincipled members of Congress found it easy to arouse the prejudices of those whose pension claims had been denied, and in return for their votes, pledged themselves to open up the coffers of the Treasury to all who wore the uniform of blue. Under the guidance of such political leaders as these, and with the shrewd management of the claim agents, the pensioners ultimately became a powerful political faction and dictated to the members of Congress the kind of laws they must enact and the manner in which they should be administered (p. 220, 229-231).

The thorough and absolutely fair discussion given by Professor Glasson on the manner in which the Grand Army of the Republic prostituted its ideals during the eighties in order to obtain more favorable pension legislation furnishes one of the most important chapters to recent political history that can be found anywhere. Had he only analyzed some of the congressional votes on the more

important pension bills, as, for example, the attempt to pass the Dependent Pension bill over Cleveland's veto in 1887 (p. 217) a valuable contribution would have been made to the volume.

On the whole the author's decision to follow the topical plan of treatment, discussing the different acts in chronological order, is to be commended. There is one arrangement however, that cannot be reconciled—that of throwing so much important material into footnotes. Such references as the one made to the *National Tribune* (p. 150), the discussion of the Cummings-Rice controversy over the Arrears act (p. 159), the activity of claim agents in filing new pension claims following the passage of the Arrears act (p. 166), and the reference to General Paul Van Dervoort (p. 188), should all be incorporated in the body of the text.

In the appendix the author discusses briefly the passage of the War Insurance law of October 6, 1917, and gives a brief outline of its provisions and schedules.

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NEW BOOKS

- CATTELL, J. McK. *Carnegie pensions. History of the Carnegie Foundation and reports of the committee on pensions of the American Association of University Professors.* (New York: Science Press. 1919. Pp. 253. \$1.50.)
- CHOLLET, M. and HAMMON, G. *Le problème des assurances sociales en Alsace-Lorraine. Maladies, accidents du travail, invalidité vieillesse.* (Paris: Giard & Brière. 1919. Pp. 100. 3 fr.)
- COOLEY, R. W. *Briefs on the law of insurance.* Supplement, vols. 6, 7. (St. Paul, Minn.: West Pub. Co. 1919.)
- DEVINE, E. T. and BRANDT, L. *Disabled soldiers and sailors pensions and training.* Carnegie Endowment for International Peace preliminary economic studies of war, no. 12. (New York: Oxford Univ. Press. 1919. Pp. vii, 471).
- LESSUDRIE-DUCHÊNE, G. *Les pensions de la guerre d'après la loi du 31 mars 1919 et les lois antérieures.* (Paris: Delgrave. 1919. Pp. xvi, 271. 3.50 fr.)
- LINTON, M. A. *The Carnegie Foundation plan of insurance and annuities for college teachers.* (Philadelphia: Provident Life & Trust Co. 1918. Pp. 19.)
- LLEWELLYN, L. J. and JONES, A. B. *Pensions and the principles of their evaluation.* (London: Heinemann, Ltd. 1919. 30s.)
- MACKEY, H. A. *Medico-legal aspects of the workmen's compensation*

- law of Pennsylvania.* (Harrisburg, Pa.: Workmen's Compensation Bureau of the Department of Labor and Industry. 1919. Pp. 55.)
- MINOR, J. F., editor. *The workmen's compensation laws of Virginia and West Virginia, together with rules of procedure and other information.* (Charlottesville, Va.: Michie Co. 1919. Pp. 691. \$5.)
- PARKER, A. J. *Insurance law of New York; being chapter 28 of the consolidated laws, and chapter 33 of 1909, including all amendments of 1919, with notes and annotations.* (New York: Banks Law Pub. Co. 1919. Pp. 302.)
- Actuarial audit of the Ohio state insurance fund, as of March 1, 1919.* (Columbus, O.: State Ins. Fund. 1919. Pp. 66.)
- The American underwriter's pocket chart of life insurance companies operating in the United States for the year ending December 31, 1918.* (New York: Thrift Pub. Co. 1919.)
- New York state workmen's compensation law with amendments, additions, and annotations to August 1, 1919.* (Albany: Dept. of Labor. 1919. Pp. 104.)
- Primer of accident and sickness insurance.* (New York: Ocean Accident and Guarantee Corporation. 1919. Pp. 110.)
- Proceedings of the fifty-third annual meeting of the National Board of Fire Underwriters, May, 1919.* (New York: The Board, 76 William St. 1919. Pp. 188.)
- Report of the Health Insurance Commission of the state of Illinois.* (Springfield: The Commission. 1919. Pp. 647.)
- Report of the special committee on social insurance.* (Madison, Wis.: State House. 1919.)
- Reports of inquiries and appeals under the national health insurance regulations, 1913. Vol. 2.* (London: National Health Insurance Commission. 1919. Pp. 73. 4d.)
- Some misapprehensions touching life insurance.* (New York: Carnegie Foundation for the Advancement of Teaching. 1919. Pp. 75.)
- Teachers Insurance and Annuity Association of America, charter and by-laws.* (New York: The Association, 576 Fifth Ave. 1919. Pp. 24.)
- Vest pocket life agents brief; a synopsis of premium rates, policy provisions, net cost of insurance, and cash surrender values.* Eleventh annual edition. (New York: Spectator Co. 1919. Pp. 366.)
- Pensionsstyrelsen ar 1917.* (Stockholm: Sveriges Officiella Statistik. 1919. Pp. 150.)
- Die Privaten Versicherungsunternehmungen im Reichsräte vertretenen Königreichen und Ländern im Jahre 1912-1913.* (Vienna: Austrian Ministry of the Interior. 1919. Pp. 242; 121.)

Pauperism, Charities, and Relief Measures

Causes of Dependency Based on a Survey of Oneida County. By CHESTER LEE CARLISLE. Eugenics and Social Welfare Bulletin No. 15. (Albany: New York State Board of Charities, Bureau of Analysis and Investigation. 1918. Pp. 465.)

Because it is a community containing diverse industries and a charitable enterprise typical of "up-state" conditions in New York, Oneida County was selected for the survey whose results are given in this report. The author also believed that the data obtained would be typical as to causes of dependency and therefore of genuine value to the social worker.

The report is based on the study of certain children in the public schools and of dependent groups in the county, including children in institutions, mental defectives, epileptics, insane persons, delinquents, dependents due to acquired disease and to physical handicaps, and almshouse inmates. The study of the children is justified on the theory that the adult dependent shows a history of "deviation in symptomatic behavior" while yet a child; therefore potential failures may be recognized among children exhibiting similar deviations. The author states that in every case of dependency there are usually three causal factors: the precipitating cause; the contributing factors, such as habits, mannerisms of thought, and environmental pressure; and the ultimate casual factor, the influence of inherited qualities or peculiarities. The report practically assumes that mental abnormalities and peculiarities are the fundamental cause of dependency and as a consequence limits itself largely to a study of the mental history and conditions of the individuals examined. Again the groups studied were, with one exception, institution population including defectives, who in sociological literature are usually distinguished from dependents. Unless the reader has these limitations in mind he is in serious danger of misinterpreting the conclusions.

The actual studies indicate many interesting and valuable results. In the Utica Orphan Asylum 19.1 per cent of the children were found to be defective or subnormal; in the House of the Good Shepherd, 29 per cent. The delinquent children exhibited a high percentage of feeble-mindedness. The study of mental defectives indicates the persistence of bad heredity, while the attempt to discover the number of feeble-minded in the community yielded the threatening figure of one out of every 136 of the population. A considerable case analysis is made of epileptics, insane persons,

adult delinquents, and almshouse patients. The writer contends that the story of the poor is best read in the annals of cases of mental defect, affective deviation and other psychopathic forms of conduct; and that susceptibility to disease and premature constitutional breakdown are additional factors. Philanthropy must take these social defectives, meet their needs so far as possible, place them in an environment where they can battle successfully, and then give them enlightened after care. The reader, however, has the right to object at this point that the dependents in institutions are not typical of the great bulk of the poor but probably represent merely the lowest elements.

The two delimiting epochs of man's life are the prenatal and postnatal state. The small child is subject to countless influences and reacts accordingly. It is now possible to prognosticate the most prominent expected traits and trends, both physical and mental. Most of the cases in state institutions give evidence of capacity for transmitting abnormality and the dependent poor suffer from underlying organic weakness. The boy in the orphanage or the industrial school, and later in the jail or almshouse, is a similar type, whose behavior is determined by weakness and developmental defect. The subnormal individual drifts into an environment which matches his own defects of personality, and a standardized rating of homes and workplaces will express the mental rating of the individuals residing or working there. Even the sex offender can be explained by intelligence capacity defects or mental deviation.

The report suggests a number of constructive proposals. Since the main trends of personality are found in early life, each school child should be carefully examined, its needs should be mapped out, and then it should be trained and educated accordingly. In due time society will know what position each child can occupy and whether parental oversight will be necessary. In the second place, the community clinic should become an established institution with hospitals caring for the physically and mentally disordered and the vocational village for the socially handicapped.

This is a valuable analysis of the mental condition of various groups of dependents and throws light on the reasons for their dependency, but the title of the report gives the reader a rather erroneous notion of the nature of its contents. It is not an investigation of the causes of poverty; it does not even take for study a representative group of the dependent classes; nor can the

conclusions reached in respect to the groups studied be extended to the poor as a whole.

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NEW BOOKS

MOUNTS, L. H. *Dependents, defectives and delinquents in Iowa. A study of the sources of social infection.* University of Iowa Studies. Studies in the Social Sciences, vol. VII, no. 2. (Iowa City, Iowa: The University. 1919. Pp. 166. 85c.)

This monograph covers material relating to crime, juvenile delinquency, alcoholism, indoor relief, tuberculosis, insanity and feeble-mindedness. It contains a large number of statistical tables derived from the information given in the various local and state public reports dealing with problems of social welfare. The author admits the unreliability of some of the statistics and a casual glance at the tables must lead the reader to similar conclusions. The tables, therefore, have a rather limited value and the deductions drawn are not entirely convincing.

A considerable part of the report is devoted to a study of the differences between urban and rural communities. According to the statistics, rural conditions are usually superior to those prevailing in the cities. In explaining the causes of these differences the author seemed somewhat handicapped. He concludes that the presence of a population of foreign parentage is not an important factor and that manufacturing industry has had little weight. His figures, however, indicate that mining and a mining population have seriously affected the rates of criminality and dependency. These conclusions are largely negative and leave much undiscovered. Additional analysis is necessary to discover the preventable causes of the relatively high rates of defectiveness, delinquency, and poverty in the urban centers. The influence of constructive social work is clearly apparent in some of the cities and indicates the usefulness of the social worker.

This monograph hardly realizes the aim expressed in the subtitle, and Iowans are not specially enlightened as to the particular conditions which should be removed. On the other hand they should become convinced as to the general inadequacy of the present statistical information in their state, to the carelessness or ignorance of local officials, and the varying policies among the different counties.

The subject-matter is presented in simple readable form save for the persistent intrusion after the general tables of a coefficient of correlation according to "Spearman's formula." Being the only attempt at technical statistics it savors somewhat of pedantry, while its practical advantages to most readers will be negligible. The monograph closes with a number of constructive suggestions.

GEORGE B. MANGOLD.

New York state conference of charities and correction, December, 1918, proceedings. (Albany. 1919. Pp. 247.)

Socialism and Co-operative Enterprises

NEW BOOKS

BACON, J. D. *Townleyism unmasked! Now stands before the world in its true light as radical socialism!* (Grand Forks, N. D.: The author. Pp. 68. 25c.)

BATDORF, J. W. *The truth about the rising cost of foods; the remedy through organization methods; coöperative community council stores.* (New York: Anti-Socialist Press. 1919. Pp. 30. 10c.)

BEVAN, E. *German social democracy during the war.* (New York: Dutton. 1919. Pp. 280. \$2.50.)

CANNAN, E. *Coal nationalisation.* (London: King. 1919. 2s.)

KERENSKII, A. F. *The prelude to bolshevism, the Kornilov rebellion.* (London: Unwin. 1919. Pp. 318.)

MILLER, E. C. *The socialists.* (New York: The author, 115 Bank St. 1919. Pp. 32.)

NEILSON, F. *The old freedom.* (New York: Huebsch. 1919. Pp. 176. \$1.)

Combats socialists who slight the significance of land and capital. Contains chapters on: Great Britain and labour; Georges Sorel and syndicalism; Karl Marx and socialism; and Fabianism versus state socialism.

PHELPS, E. M. *Selected articles on government ownership of railroads.* Debaters' handbook series. (New York: H. W. Wilson Co. 1919. Pp. 200. \$1.50.)

RADZIWILL, E. R. *The firebrand of bolshevism; the true story of the Bolsheviki and the forces that directed them.* (Boston: Small, Maynard. 1919. Pp. 293. \$2.)

RUSSELL, C. E. *Bolshevism and the United States.* (Indianapolis: Bobbs-Merrill. 1919. Pp. 341. \$1.50.)

SHADWELL, A. *Coal mines and nationalisation.* (London: Longmans. 1919. 1s.)

VICTOROV-TOPOROV, V. *La première année de la révolution russe.* (Paris: Fischbacher. 1919.)

WALKER, G. L. *Capitalism versus bolshevism.* (Boston: Dukelow & Walker Co., 246 Washington St. 1919. \$1.)

Bolshevik aims and ideals and Russia's revolt against bolshevism. (New York: Macmillan. 1919. Pp. 89. \$1.)

The coöperatives in Russia. A power for the reconstruction of Russia's economic life. (New York: American Committee of the Russian Coöperative Union, 136 Liberty St. 1919.)

Thirty-sixth annual report of the work of the Fabian Society for the year ended March 31, 1919. (London: Fabian Soc. 1919. Pp. 20.)

Rechenschaftsbericht über die Tätigkeit der Verbandsbehörden für das Jahr 1918. (Basel: Verband Schweiz Konsumverein. 1919. Pp. 136.)

Statistics and Its Methods

The Review of Economic Statistics. Preliminary Volume, No. 1. (Cambridge, Mass.: Harvard University Committee on Economic Research. January and April, 1919. Pp. 212. Subscription price \$100.)

The establishment of this periodical promises to mark a new stage in the development both of economic research in the universities and of business forecasting for the public.

In 1917 Harvard University appointed a committee consisting of Professor Charles J. Bullock, chairman, Dean Edwin F. Gay, and six men of affairs to plan more adequate provision for scientific investigation in economics. After canvassing various projects this committee decided that its first enterprise should be the cultivation of economic statistics. They secured the services of one of the ablest workers in this field, gave him an adequate staff of assistants, and in due time set up an organ of their own "to promote the collection, criticism, and interpretation of economic statistics, with a view to making them more accurate and valuable than they are at present for business and scientific purposes." This organ, the chairman of the committee promises, will follow three lines of work: investigation of the sources and probable accuracy of existing statistical data; collection of additional data in cases where this may prove desirable and practicable, and the application to economic statistics of modern methods of statistical analysis.

The *Review of Economic Statistics* is a sumptuous folio-sized quarterly, of about 100 pages per issue, abundantly illustrated by charts admirably drawn. Together with a monthly supplement of current data, the *Review* is offered to the public at \$100 a year. Besides being an ultra-scientific journal, the *Review* is thus a competitor of commercial agencies for purveying and interpreting up-to-date figures for business men. Nor are its prospects in this competition necessarily dim. If some of the *Review's* charts are difficult to understand, some of its rivals' charts are impossible to understand. Most business men take their statistics on faith,

and a Harvard Committee on Economic Research will inspire more faith than any commercial agency. If its academic dignity does not preclude enterprising salesmanship, the *Review* should find sufficient subscribers to pay its way.

On the scientific side there is no doubt about the success of the first two issues (January and April, 1919). In these numbers Professor Warren M. Persons summarizes, systematizes, and extends that series of researches into indexes of business conditions which marked him out as the fittest editor for the study.

Adopting the working hypothesis that each business index "is a composite consisting of four types of fluctuations," Professor Persons develops methods of isolating and measuring each type in turn. (1) The secular trend of all the series so far treated is found by fitting straight lines to the data by the method of least squares. (2) Seasonal variations are measured by taking medians of the month-to-month percentages, turning these medians into continuous series, distributing the secular trend, and equating the average of each twelve months to 100. (3) To get cyclical variations "each monthly ordinate of secular trend is multiplied by the index of seasonal variation for that month: the resulting product is subtracted from the corresponding original item, and then expressed as a percentage of the ordinate of secular trend." Finally, the percentage deviations thus obtained "are expressed in terms of their respective standard deviations, in order to secure comparable cyclical fluctuations." (4) The last type of variations, "residual fluctuations, due to developments which affect individual series, or to momentous occurrences, such as wars or national catastrophes, which affect a number of series simultaneously," cannot be distinguished from the cyclical fluctuations simply by study of the statistical data. Interpretation "in the light of contemporaneous economic events is necessary" (p. 33). Yet in the face of this remark, Professor Persons has isolated the irregular fluctuations in one of his indexes (the value of building permits) by statistical analysis. By eliminating the secular trend and the seasonal variations from the original data he obtained a series that showed the cyclical and irregular fluctuations combined. Next by the use of twelve-months moving averages he eliminated the irregular fluctuations. He then had two series, one containing both cyclical and irregular fluctuations, the other containing only cyclical fluctuations. The differences between the paired items of these series were, "presumably, approximations to

the irregular fluctuations." When the irregular fluctuations thus ascertained were charted, they fitted the normal curve of distribution with remarkable closeness (pp. 137-139). From the statistical viewpoint, this bit of analysis is perhaps the most elegant of Professor Persons' contributions.

Twenty-three of the best-known indexes of business conditions covering the years 1903-1918 are analyzed on the plan just sketched, and the results are given at length in the January and April issues of the *Review*. In the April issue another step is taken. Twenty of the indexes are combined into five group indexes which "epitomize the business situation." The basis of combination into group indexes is synchronous fluctuation. That is, two or more series are combined when their coefficients of correlation are significant in degree and reach their maxima when items for the same dates are paired. Still further compression of the indexes yields three curves which show clearly the normal sequence of certain events in business cycles. The "index of speculation" (bond yields, prices of industrial and railroad stocks, and New York clearings) has cyclical variations which systematically precede those of the "index of physical productivity and commodity prices combined" (pig-iron production, outside clearings, Bradstreets' and the Bureau of Labor Statistics price indexes, and New York bank reserves). In turn, the cyclical fluctuations of the latter index systematically precede those of the "index of the financial situation in New York," (interest rates on 60-90 day and 4-6 months paper, New York bank loans and deposits).

But—and the fact shows the great complexity of the problems with which Professor Persons is dealing—the regularity of succession in the fluctuations of these three indexes is limited to the pre-war years (1903-1913). The systematic relations both among the individual and among the group indexes were "shattered by the outbreak of war." "It may be said that, in general, the order of the series as to lag was completely reversed." For example, "commodity prices and interest rate, which usually rise and fall four to eight months after bank clearings and pig-iron production, were the first to feel the effects of the economic cataclysm" in the summer of 1914 (p. 128). Hence, the "Index of General Business Conditions . . . obviously is of no value in interpreting the connection that existed during the Great War, but it is offered in the belief that it will prove serviceable in the study of conditions following the establishment of peace" (p. 117).

Of the three lines of statistical work marked out in the prefatory statement of the *Review*, this summary shows that only two lines have so far been developed—investigation of existing data and the application of refined methods of analysis. Along the remaining line, collecting additional data, no results are published as yet. It is to be hoped that the editor and his staff are planning a campaign in this promising direction. American statistics of unemployment, production, savings, collections, and credit—to mention concrete examples—are woefully fragmentary. Much might be done by a group of disinterested workers, backed by the prestige of Harvard University, to collect and combine data which are now largely wasted in private files.

That prompt attention has not been given to this range of work may be due to the editor's personal equation. Interest in content and interest in method are seldom highly developed in the same mind. Professor Persons has a mathematical bias; "the application to economic statistics of modern methods of statistical analysis" is the work he loves. Hence he can bear to postpone the task of organizing new sources of statistical information. Perhaps the postponement is wise. At any rate we cannot justly complain because the *Review* does not do everything first. But, and here complaints are just, Professor Persons is prone to lavish labor on the refined analysis of raw materials he might easily have bettered. Not the only, but the clearest, example of this failing is his use of the *Wall Street Journal's* average prices of industrial and railroad stocks. Though pointing out with characteristic candor the defects in these indexes (pp. 146, 147), Professor Persons calculates their secular trend, cyclical fluctuations, and coefficients of correlation with other series. With a little direction, one of his assistants might have compiled from the published tables of security prices indexes that have a far better claim to refined elaborations. Indeed, had the construction of better index numbers of stock prices been a puzzling mathematical problem, I fancy that Professor Persons would have solved it.

This over-eagerness to plunge into the fascinations of analysis however, is the worst blemish on a shining record of achievement. Not only has the *Review* set a new standard of thoroughness in the study of business indexes, but it has also cleared the way toward less familiar lines of research. The problem of secular trends in particular stands out distinctly in the background of Professor Persons' charts and tables. Why do different indexes of economic

activity show such marked diversity of secular trend; what is the meaning of these differences in terms of work and welfare; what causes produce the turning points that appear in most of the trends; why do the turning points of many trends coincide? Here is a set of themes which should fascinate some group of workers adequately furnished with statistical technique, knowledge of economic history, and theoretical insight. Professor Persons' results would set them going and Mr. Edwin Frickey's simple method of computing secular trends (pp. 210, 211) would facilitate their preliminary surveys of new data.

In a still larger sense the *Review* rouses high hopes. It is an experiment in the endowment of economic research. The fact that Professor Persons has been able to go so much farther than any of his predecessors in the statistical study of business cycles is due in part to the fact that he has had a staff of trained assistants to try out his notions and that he has been enabled to devote his own time unreservedly to investigation. Every economist will hope that the early success of the *Review* will be maintained, and that the example set by the Harvard Committee on Economic Research in providing the best of working conditions for keen investigators may be followed by other enlightened groups.

WESLEY C. MITCHELL.

New School for Social Research.

Vital Statistics. An Introduction to the Science of Demography.

By G. C. Whipple. (New York: John Wiley and Sons. 1919. Pp. xii, 517. \$4.)

As the first textbook of vital statistics to be produced in the United States this book is to be accorded a warm welcome. The author is professor of sanitary engineering in Harvard University and his work is dedicated to the students of vital statistics in the School of Public Health of that university and of the Massachusetts Institute of Technology. In the preface, he modestly confesses that he "is not an authority on vital statistics, much less an authority on demography; he is merely a student of the science."

The only book in English with which this work naturally invites comparison is Dr. Newsholme's *Elements of Vital Statistics*. I believe that this volume will be found as satisfactory a textbook for persons preparing to be health officers under present conditions in the United States as Newsholme's book has long been for persons looking forward to the same career in England. Indeed

the two books are similar, both in their excellencies and in their defects. Both have been prepared with an eye single to the problems likely to arise in the routine work of the public health officer. Both give little attention to the problems of vital statistics in other countries and to the historical development of the subject even in their own country. If Dr. Newsholme's book is somewhat better than the one before us, that is due in no slight measure to the fact that English work in vital statistics even when his book was prepared was probably further advanced and more systematized than American work in the corresponding field today. Yet for American classes I have no doubt that Professor Whipple's book will be found more serviceable than that of Newsholme.

The subtitle of the book is *Introduction to the Science of Demography* and the opening sentence defines that word as "the statistical study of human life." The definition is apparently too broad and its breadth leads to difficulties later. The man who coined the word in 1855 defined it as "the mathematical knowledge of populations, of their general movements and of their physical, civil, mental, and moral condition"; and his grandson, one of the most distinguished of living demographers, has defined it as "the study, mainly statistical, of human groups, in order to learn what are their elements and how they live and renew themselves." These definitions are narrower than that of Professor Whipple and would probably exclude four of the seven principal divisions of demography mentioned by him (p. 2); namely, genealogy, eugenics, biometrics and pathometrics. If, in addition, his two divisions of registration and vital statistics should be combined—and the line of separation between them is at best a shadowy one—we arrive at the better classification of demography into census statistics and vital or registration statistics. This is a natural division and by recognizing and building upon it, as most continental writers do, I believe that future textbooks of vital statistics or future editions of this one will be better organized.

A good textbook is seldom, if ever, produced by a single author or with a single effort. Usually it represents the combined results of many predecessors which are taken up by the last man in the series and fused into a unit. The present book is the first link, not the last in that chain. But the author has cut himself off too sharply from his predecessors, American and foreign. The sources from which he has drawn are largely contemporary American articles. Demography as a whole and vital statistics as a

main division of demography have been carried much further in Europe than in the United States. In view of that fact more attention might with advantage have been given to European predecessors. I believe no publication by a German is cited and in the bibliography only one book in German is mentioned. Yet probably the best statistical journal in recent years is the *Allgemeines Statistisches Archiv*, and few, if any, European writers are more worth attention than its editor, von Mayr. Nor does the author make more than incidental reference to the French authorities in that field, Levasseur and the Bertillons, father and son; and he confuses the French demographer, Jacques Bertillon, with his brother Alphonse (p. 6).

Even in the field of American vital statistics the book might with advantage have imparted a fuller knowledge of what earlier students have done. If the reader knew more than it tells of the lines of progress since 1840 he would be left in a better position for judging the probable direction of future advance and of profitable effort. If one were to ask for the names of half a dozen men who have contributed most to the development of American vital statistics and whose work is now ended, one would be likely to mention Shattuck, Jarvis, Billings, Tracy, Abbott, and Wilbur. Of these only two, I believe, are referred to and that incidentally. By changes of this sort, the book would be improved in those future editions to which I hope and believe it will run.

WALTER F. WILLCOX.

Cornell University.

NEW BOOKS

- DUBLIN, L. I. *Mortality statistics of insured wage-earners and their families*. (New York: Metropolitan Life Ins. Co. 1919. Pp. viii, 397.)
- JULIN, A. *Précis du cours de statistique général et appliquée*. Fourth edition. (Paris: Rivière. 1919.)
- LIESSE, A. *La statistique: ses difficultés, ses procédés, ses résultats*. Third edition. (Paris: Alcan. 1919.)
- PAGE, W. *Commerce and industry. Tables of statistics for the British empire from 1815*. (London: Constable. 1919. 24s.)
- Canada yearbook, 1918*. (Ottawa: Bureau of Statistics. 1919. Pp. 686.)
- Census of war commodities, 1918. Textile fibres, wool, silk, jute, and kapok*. (Washington: Supt. Docs. 1919. Pp. 16.)

A comparison of the mortality rates by weeks during the influenza epidemic of 1918 in twelve cities in the United States. (Washington: Supt. Docs. 1919. 5c.)

The eighteenth financial and economic annual of Japan, 1918. (Tokyo: Department of Finance. 1918. Pp. 198.)

Lumber, lath, shingles, etc. 1917. Census of industry, 1917, part IV, section I. (Ottawa: Bureau of Statistics. 1919. Pp. xii, 49, xiii. 5c.)

Statistical abstract of the United States, 1918. (Washington: Supt. Docs. 1919. Pp. 881. 50c.)

Study of social statistics in the city of Baltimore for the years 1916-1917. (Baltimore: Bureau of State and Municipal Research, 702 Fidelity Bldg. 1919. Pp. 58.)

Yearbook of the state of Indiana for the year 1918. (Indianapolis: Legislative Reference Bureau. 1919. Pp. 1054.)

Estadística del suicido en Espana, sexenio 1912-1917. (Madrid: Ministerio de Instruccion Publica y Bellos Artes. 1919.)

Oesterreichisches statistisches Handbuch. Vols. 33, 34, 35, 1914, 1915, 1916-1917. (Vienna: Statistische Zentralkommission. 1919. Pp. 472; 367; 363.)

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

REPORT ON THE MEAT-PACKING INDUSTRY. In February, 1917, President Wilson directed the Federal Trade Commission to investigate the production, ownership, manufacture, storage, and distribution of foodstuffs and their by-products; and to determine whether there were "manipulations, controls, trusts, combinations, conspiracies, or restraints of trade out of harmony with the law or the public interest." An important branch of this investigation into foodstuffs was the study of the meat-packing industry (*Report of the Federal Trade Commission on the Meat-Packing Industry*, Summary and Part I, 1919, pp. 574; Part II, 1918, pp. 290; Part III, 1919, pp. 325).

The report of the commission does not cover the whole of the meat industry. The commission in carrying out a request of the President that it coöperate with the Department of Agriculture agreed that the department should investigate the production of livestock and its marketing up to the point of the stockyards, and should also investigate the retail distribution of meat products; while the commission should inquire into the slaughtering of livestock, the wholesale distribution of meat products, and the activities of the packing companies generally.

The commission in presenting its report complains rather bitterly of the difficulties it encountered in making its investigation. It asserts that the big packers deliberately falsified returns that the commission had authority to demand; that the records of the companies, particularly their stockholders' lists, were constructed to conceal rather than reveal the facts; that letters and documents vital to the investigation were removed or destroyed; that schools were maintained for employees likely to be called to testify; and that the answers to the commission's questionnaires were prepared by the packers more or less in unison in order that they might not contradict one another. Notwithstanding these difficulties the commission succeeded in unearthing a large amount of information, documentary and other, which it now presents with the assurance that the facts disclosed underestimate rather than exaggerate the gravity of the food situation.

The commission finds that the meat-packing industry is dominated by five leading packers, which it calls the Big Five. These five, in the order of their importance, are: Swift and Company, Armour and Company, Morris and Company, Wilson and Company, and Cudahy

Packing Company. For some thirty years various packers, including at all times the Swift, Armour, and Morris companies, have been associated in pools of one kind or another. In 1903 the principal packers came within an ace of merging their properties in a single company, but the premonition of the stock market panic of 1903 prevented this project from being carried through. After 1903 and until 1912 the three leading packers kept in close touch with one another through the National Packing Company, a company organized to hold certain independent properties that had been acquired by the Swift, Armour, and Morris companies in the interests of the merger. The National Packing Company provided an excellent agency for the determination of general policies and for the control of the trade; for its directors were all representatives of the three leading packers. Since the dissolution of the National Packing Company in 1912, under threat of a civil suit, the combination among the Big Five has largely taken the form of a livestock pool, whereunder the purchases of livestock sent to market are made in accordance with definite percentages, which are subject to revision from time to time as fundamental conditions change. This division of livestock purchases not only automatically regulates the relative volume of business of the Big Five, but insures substantial uniformity in the prices paid for livestock and thus in the prices at which dressed meats are sold. The meat combination is therefore essentially a pool, yet a highly effective one because of the unity of purpose that animates its members. It is not, however, the commission asserts, merely a casual agreement, but a positive conspiracy for the regulation of the purchases of livestock and the sales of meat, the terms of which are established through documentary evidence found in the files of the packing companies. That the packers were aware of the illegality of this arrangement is evidenced, it is held, by the employment in their minutes and memoranda of fictitious names, Mr. Armour, for example, being known as Sanford, and Mr. Morris as Klee.

The dominant position of the Big Five in the meat-packing industry is shown by the figures for the total slaughter of animals by all concerns engaged in interstate commerce in meat. In 1916 the Big Five killed 86.4 per cent of the sheep and lambs slaughtered by companies distributing meat in interstate commerce; 82.2 per cent of the cattle; 76.6 per cent of the calves; and 61.2 per cent of the hogs. For all of these animals combined the proportion of the Big Five was 69.1 per cent, the explanation of the lower percentage being that the slaughter of hogs, in which their control was least, much exceeds the combined slaughter of cattle, calves, and sheep. If we include the slaughter of

independent packing companies not engaged in the interstate distribution of meat—wholesale local slaughterers the commission calls them—the Big Five controlled 63.4 per cent of the slaughter of livestock, as compared with 69.1 per cent with these concerns excluded.

In objecting to these conclusions the packers claim that they handle not to exceed one third of the meat production of the United States. The wide discrepancy between the two figures the commission attributes to the failure of the packers to include the slaughter of affiliated companies and to the inclusion by them of the animals killed on farms for home consumption. The reasons of the commission for not including farm and retail butchering in determining the strength of the packers are discussed in the report.¹

The power of the Big Five is only partially indicated by a statement of their position in the meat-packing industry. As the commission points out, they not only dominate the meat business but a large number of by-product industries; and they are steadily reaching out for mastery over commodities that may be substituted for meat and its by-products, not to mention commodities in entirely unrelated lines. The Big Five produce 22 per cent of the sole leather produced in this country; 19 per cent of mixed fertilizers; 11.8 per cent of acid phosphate; and 31.8 per cent of refined cottonseed oil. They handle more than half of the poultry, eggs, and cheese distributed in interstate commerce; and the leading packer (Swift and Company) is the biggest distributor of butter in the United States. They are important factors in the production and distribution of condensed milk, canned fruits, canned vegetables and canned fish. The rapid development of this branch of the business is shown by the increase in the sale of canned goods by Armour and Company. In 1916 this company sold \$6,500,000 of canned goods and in 1917 about \$16,000,000, whereas the combined sales in the latter year of Austin Nichols Company and Sprague, Warner and Company, two of the leading independent wholesale houses, were only about \$6,000,000. Recently the Big Five have begun to deal in various staple groceries and vegetables, notably rice, potatoes, beans, and coffee. What can be accomplished in this direction is indicated in the fact that early in 1917 Armour and Company first began to handle rice, and during the course of the year it sold over 16,000,000 pounds, becoming within the space of one year the leading distributor of rice in the world. The Armour Grain Company, owned by the head of Armour and Company, handled in 1917 nearly one fourth of the grain receipts at Chicago, the world's

¹ Part I, p. 116 ff.

greatest grain market. The meat combination has thus not only integrated its business fully, but has actually passed over into the stage of conglomeration; and at the present rate of expansion will control within a few years, according to the commission, the wholesale distribution of the nation's food supply.

By what means have the Big Five been enabled to realize this dominating position in industry? The commission attributes it not primarily to exceptional efficiency but to monopolistic control of the distributive machinery. Thus the Big Five largely control the stockyards, with their collateral institutions such as terminal railways, exchange buildings, cattle-loan banks, and market papers. They have a majority interest in 22 of the 50 livestock yards of the country; and through these 22 yards there pass 56.8 per cent of all the animals that are received at livestock markets. They have a minority interest in 6 additional yards through which 27.7 per cent of the animals pass; and because of the fact that they constitute the principal buyers of livestock they can usually exercise control even though owning only a minority interest. Over 84 per cent of the animals, therefore, move through yards over which the Big Five exercise complete or practical control.

The Big Five also have an important advantage through the ownership of private refrigerator cars for the transportation of all kinds of perishable foods. They own nearly 92 per cent of the beef refrigerator cars that are operated upon the railroads of the country, whereas the independents own only 7 per cent. The railroads own practically none, and therefore unless an independent concern does enough business to justify the purchase of refrigerator cars it is quite restricted in its market.

The Big Five distribute their products through a system of branch houses and "peddler car" routes. The branch houses are storage stations designed to receive food products from the packing plants, and are located in the larger towns. The peddler cars are essentially miniature branch houses on wheels, and are intended to serve the smaller communities whose consumption is not large enough to justify the establishment of a branch house. This system of wholesale distribution through branch houses and peddler cars the commission declares to be the bulwark of the monopoly; there is virtually no limit to its expansion, it says, short of the complete monopolization of the primary distribution of the country's food. In this connection it is worthy of note that the Big Five through direct and indirect ownership are said to control nearly 45 per cent of all the cold storage space in the country.

Having shown that a packer domination of all the important foods is approaching in this country, and having found the advantage of the packers to be based on a monopolistic control of the market places and the means of transportation and distribution the commission recommends:

1. That the Government acquire, through the Railroad Administration, all rolling stock used for the transportation of meat animals and that such ownership be declared a Government monopoly.

2. That the Government acquire, through the Railroad Administration, the principal and necessary stockyards of the country, to be treated as freight depots and to be operated under such conditions as will insure open, competitive markets, with uniform scale of charges for all services performed, and the acquisition or establishment of such additional yards from time to time as the future development of live-stock production in the United States may require. This to include customary adjuncts of stockyards.

3. That the Government acquire, through the Railroad Administration, all privately owned refrigerator cars and all necessary equipment for their proper operation and that such ownership be declared a Government monopoly.

4. That the Federal Government acquire such of the branch houses, cold-storage plants, and warehouses as are necessary to provide facilities for the competitive marketing and storage of food products in the principal centers of distribution and consumption. The same to be operated by the Government as public markets and storage places under such conditions as will afford an outlet for all manufacturers and handlers of food products on equal terms. Supplementing the marketing and storage facilities thus acquired, the Federal Government establish through the Railroad Administration, at the terminals of all principal points of distribution and consumption, central wholesale markets and storage plants, with facilities open to all upon payment of just and fair charges.²

The report, covering as it does such a wide range, touches on a large number of topics that will prove of interest to specialists in various lines. Some of these topics are here noted: relative efficiency of the Big Five and the independent concerns (I, 74, III, 117); list of commodities manufactured or distributed by the Big Five (I, 95); chronological view of packers' progress, 1857-1917 (I, 235); description of by-products (I, 369, 545); views of the Big Five and the small packers (I, 408, 471); stocks of meat (I, 488); questionnaires used by the commission (I, 508); history of meat pools (II, 11); the live-stock pool (II, 28); the international meat pool (II, 99); combination

² For a criticism of the report of the commission and its recommendations, see Weld, "The Government and the Packers," *Annals of Am. Acad. Pol. & Soc. Sci.*, vol. 82, pp. 175-182.

in the sale of meats in this country (II, 107); the formation of Wilson and Company (II, 159); business functions of the stockyards (III, 16); map of the stockyard markets (III, 27); country buying of livestock (III, 110); distribution of meat products (III, 116); map showing location of branch houses (III, 129); unfair practices in the rendering business (III, 156); discussion of the Chicago stockyards situation (III, 189); and detailed statistics of the concentration of interstate and local wholesale slaughtering in 1916 (III, 311).

The report unfortunately contains no index. In a document of this size covering such a great variety of matters this cannot be regarded as otherwise than a serious defect.

ELIOT JONES.

Leland Stanford University.

THE CANADIAN WHEAT BOARD. During the seasons of 1917 and 1918, the grain crops of Canada were under the control of a Board of Grain Supervisors, exercising power in accordance with an Order in Council of June 11, 1917, and later orders.

In view of the prospective uncertainty of prices and the instability of the market for the wheat crop of 1919, it was believed by the Canadian government that, in order to insure the early and steady movement of the crop and a fair price to producers, it was desirable that action should be taken looking toward the purchase, storage, movement, financing, and marketing of the wheat crop of 1919, and such other Canadian wheat as was undelivered on August 15, 1919, when the Board of Grain Supervisors would cease to function (see *Commerce Reports*, August 11 and 19, 1919). Accordingly, an Order in Council was passed on July 31 last, establishing the Canadian Wheat Board; it consists of ten members, and the chairman is Mr. James Stewart of Winnipeg.

This body has been granted extensive powers in connection with the buying and selling of wheat and flour. It has authority to take delivery of the grain at such places in Canada as it may designate. Payment is made to the producers or to other persons delivering the wheat in accordance with a schedule of prices, prepared by the board and approved by the government, in which due consideration is given to grade or quality and place of delivery. The board is further authorized to sell wheat to Canadian millers at prices and conditions to be determined by itself; the price is to be governed as nearly as possible by the price of the commodity of the same grade in the world's market, regard being had to cost of transportation, handling, and storage. If

wheat is delivered in excess of domestic requirements, as would of course be the case, it may be sold to overseas purchasers. Provision has been made whereby the producers or others delivering the wheat to the board shall be given "participation certificates" which entitle the holders to share pro rata, at a later date, in any profits accruing from the buying and selling transactions of the board.

The method of paying for the wheat when delivered is provided for. Payment is made through chartered banks upon presentation to them of vouchers issued by the board. The government guarantees the repayment to the banks, with interest not to exceed 6 per cent, such sums as are paid out by them in honoring such vouchers.

With reference to milling, the board has power to determine the qualities of flour to be manufactured, and to fix maximum prices or margins of profit at which mill products shall be sold. Flour may be purchased from millers at a price to be determined by the board, and sold at home and abroad. Authority is given to control in whatever manner it may seem advisable the export and sale of flour abroad. With reference to transportation facilities as bearing upon the board's activities in buying, selling, and delivering wheat and flour, it may allocate Canadian lake tonnage and distribute cars for shipments by rail.

Yale University.

AVARD L. BISHOP.

MANUAL FOR THE OIL AND GAS INDUSTRY. With the assistance of other federal bureaus, notably the Bureau of Mines, Geological Survey, and Fuel Administration, the Treasury Department has compiled a manual of information for taxpayers deriving incomes from the oil and gas industry. Its chief interest to students of accounting and economics is its treatment of depletion and depreciation.

Part I consists of an amplification of the law and those regulations already issued which cover this industry. Part II contains estimates of the depreciation of equipment used in the oil and gas industry. Part III attempts to provide a scientific basis for the estimate of underground reserves of oil.

Considerable space is given to a clarification of the terms "capital sum" and "invested capital." These are distinct and almost entirely unrelated. The "capital sum" is the amount returnable to the taxpayer through depletion and depreciation allowances; the "invested capital" is the basis for determining war-profits credits and excess-profits credits. "Invested capital" is the actual cash or its equivalent, paid in, and no appreciation in value of assets may be included except

such proportion of depreciation or depletion which represents the realization of appreciation of value at March 1, 1913, or any subsequent date, and which is undistributed and used or employed in the business. The "capital sum," on the other hand, may represent borrowed funds, also amounts based upon a valuation as of March 1, 1913, or within thirty days after discovery of oil or gas by the taxpayer.

The manual contains not only those articles of "Regulations 45" treating depletion, depreciation, and amortization but also much additional matter intended to supplement them and to explain their application. Considerable space is also given to a discussion of the various methods of computing depletion of gas reserves, season for testing wells, and the keeping of adequate records thereof, and details as to the information required by the Treasury Department in substantiation of claims.

Part III, which comprises about one half of the volume, contains a most interesting application of plotted curves to the determination of the future productivity and the reserves of oil wells. It has been proven that the decline in productivity of oil wells follows a definite law which is stated thus:

"If two wells under similar conditions produce equal amounts during any given year the amounts they will produce thereafter, on the average, will be approximately equal, regardless of their relative ages."

Future production curves are given for all principal oil fields in the United States and these are also translated into tables which appear in the text of the manual.

EARL A. SALIERS.

Yale University.

The Bureau of Foreign and Domestic Commerce of the federal Department of Commerce has issued the following numbers:

Miscellaneous Series:

- No. 76, *International Trade in Footwear Other than Rubber, Summarizing the Import Statistics of Boots and Shoes for 1908 and 1913*, prepared by Edward Whitney (Washington, 1919, pp. 93). This contains textual explanations showing the present state of market conditions in the various countries.
- No. 81, *Selling in Foreign Markets; Selected Readings from Published Statements of Business Men and Reports of Experts on*

Methods Employed in Export Trade, compiled by G. E. Snider (pp. 638). The volume was prepared jointly by the Federal Board for Vocational Education and the Bureau of Foreign and Domestic Commerce. Among the chapter headings are: Survey of export sales problems; Study of the market; Direct sales problems; The export middleman; Agents and agencies; Traveling salesmen; Correspondence, catalogues, and advertising; Export combinations; Terms of payment; and Delivery of the goods. The extracts reprinted are selected from a wide range of material and bring together in a convenient form a large amount of material otherwise difficult to find.

No. 83, *Trade Directory of South Australia*, compiled by H. P. Starrett (pp. 31).

No. 95, *Consumption Estimates; Showing Production, Imports, Exports, and Amounts Available for Consumption of Various Articles in the United States by Years Specified* (pp. 559-572). This is taken from *Statistical Abstract of the United States, 1918*.

No. 96, *The Economic Position of the United Kingdom: 1912-1918*, by William A. Paton (pp. 160). This is the first of a series of studies of countries during the war which were prepared in connection with the general economic work carried on in the Bureau of Research and Statistics of the War Trade Board, and which are now being published by the Department of Commerce. The volume covers only the more important aspects of trade, industry, finance, and shipping. It does not include a consideration of the labor situation, social insurance, and other schemes of social reform.

Special Agents Series:

No. 177, *Boots and Shoes, Leather, and Supplies in Argentina, Uruguay, and Paraguay*, by H. G. Brock (pp. 182).

No. 179, *Boots and Shoes, Leather, and Supplies in Brazil*, by H. G. Brock (pp. 59).

No. 180, *Far Eastern Markets for Railway Materials, Equipment, and Supplies*, by F. Rea (pp. 339). Maps and photographs illustrate the economic development.

No. 185, *Advertising Methods in Chile, Peru, and Bolivia*, by J. W. Sanger.

Tariff Series:

No. 39A, *Supplement to British Control of Imports and Exports*, by L. Domeratzky (pp. 16).

No. 40, *Customs Tariff of Nicaragua*, July, 1919 (pp. 102).

The Office of the Secretary of Labor at Washington is giving circulation to a report on *Employment and Natural Resources*, by Benton MacKaye, showing possibilities of making new opportunities for employment through the settlement and development of agricultural and forest lands and other resources (Washington, pp. 144, maps).

The United States Tariff Commission has issued in its Tariff Information series, No. 11, *Census of Dyes and Coal-Tar Chemicals, 1918* (pp. 102).

The second volume of the *Census of Manufactures, 1914* has been published by the Bureau of the Census. It contains reports for selected industries (Washington, pp. 1047).

The Bureau of the Census has issued its bulletin on *Municipal Markets in Cities Having a Population of over 30,000, 1918-1919* (pp. 56). It contains sections on: Financial administration of markets; Emergency distribution of food; Public-market law of Massachusetts; State aid to municipal markets in New York; and Community markets.

The federal Bureau of Mines has published in its Minerals Investigations series a pamphlet on *Zinc Industry in Belgium*, by March F. Chase (May, 1919, pp. 8).

The *Yearbook of the United States Department of Agriculture 1918* (Washington, 1919, pp. 760), contains articles on: Cattle loans and their value to investors, by C. S. Cole; Following the produce markets, by G. B. Fiske; Cotton warehousing, by R. L. Newton and J. M. Workman; and Arable land in the United States, by O. E. Baker and H. M. Strong.

Marketing Papers issued by the State Marketing Bureau of Florida contains in series 1, number 3 (Jacksonville, pp. 240) various articles on coöperative methods.

The Guaranty Trust Company of New York has issued pamphlets on *Financial and Business Conditions in the United States* (Sept. 20, 1919) and *American Goods and Foreign Markets* (Sept. 26, 1919).

Swift and Company have made an *Analysis and Criticism of Part II of the Report of the Federal Trade Commission on the Meat Packing Industry of November 25, 1918* (Apr. 5, 1919, pp. 97).

Corporations

REPORT OF THE COMMITTEE ON TRUSTS OF THE BRITISH MINISTRY OF RECONSTRUCTION. In February, 1918, the Minister of Reconstruction, anticipating a probable extension of trade associations and combinations, appointed a committee to consider what action, if any, was necessary to safeguard the public interest. This committee, which included among its members Messrs. Percy Ashley, J. A. Hobson, and Sidney Webb, made its report in April, 1919 (*Report of the Committee on Trusts of the British Ministry of Reconstruction*, Imperial House, Kingsway, London, Cd. 9236, pp. 43, 6d.).

The report falls into five parts: first, the report and conclusions of the committee; second, a study of trade organizations and combinations in the United Kingdom, prepared by Mr. John Hilton (the secretary of the committee) from evidence presented to the committee; third, notes as to the law relating to combinations, written by Sir John Macdonell; fourth, a report on combinations in the building material trades; and, fifth, a memorandum on industrial combinations by Mr. Percy Ashley.

Easily the most valuable portion of the report is the study of trade organizations and combinations by Mr. Hilton, the secretary of the committee. Mr. Hilton divides his study into eight sections. The first treats of the transition from a state of competition to one of combination, and discusses the good in competition, the immorality and wastes of competition, and the possibilities of and impulse to combination. The statement of the "competitive theory," which the 'author regards as less and less applicable to the business life of to-day, is presented with unusual clearness. The remaining sections deal with types of combination, the extent and significance of combination, the achievements of combination (a discussion of economies), the dangers of combination, circumstantial safeguards, special cases and aspects (a discussion of "deferred rebates" and "tying clauses"), and finally remedies.

Special mention should be made of the section on circumstantial safeguards, in which the author effectually disposes of the argument that the public is protected by certain natural safeguards against the exaction by trusts of unreasonable prices. The natural safeguards referred to are: the effect of high prices on sales; the competition of other articles that may be substituted for the monopolized article; potential competition in the monopolized line; the balance of power among trusts, as where one trust is restrained by virtue of the fact that another trust constitutes its main market; the competition of coöperative

societies; foreign competition; and a sense of equity and prudence on the part of the trust managers. In a concise discussion the author shows the failure of these so-called safeguards to protect the public fully.

Coming to remedies, Mr. Hilton discusses briefly nationalization, public competition, profit limitation, excess profits taxes, publicity, state control of monopoly prices, and supervision generally. No panacea, however, is offered; the purpose of the author throughout the whole of his report is to present fairly the opposing considerations in order that the reader may form his own conclusions as to the advisability of permitting combinations to exist and as to the measures to be taken by the state in dealing with them.

The report and conclusions of the whole committee, though of less interest to economists, are likely to exert more legislative influence. The committee found that there was in every important branch of industry in the United Kingdom an increasing tendency to the formation of trade associations and combinations, having for their purpose the restriction of competition and the control of prices. This tendency had been notably strengthened by the circumstances of the war, under which the government had found it convenient to deal with organizations representative of the various trades. The committee expressed the opinion that the habit of coöperation and discussion on matters of common concern thus formed would do away with much of the antagonism that had formerly characterized the relations between manufacturers, and would promote the formation of associations and even more binding organizations. During the war, it observed, these organizations had been held in check by the Defence of the Realm Regulations and by the fact that the government in some instances constituted practically a consumer's combination. With the conclusion of peace, however, the government would possess less power; and it was therefore necessary, bearing in mind the dangers inherent in an agency that controls prices, to establish some governmental machinery to meet the new conditions. The recommendation of the committee was that there be created a tribunal for the investigation of the operation of combines and trusts similar to the commissions and tribunals in the United States and the British colonies. Some such legislation was held to be highly desirable in view of the public mistrust of combinations and in order to preserve the political and social stability of the state.

Four members of the committee, though they signed the report, because they agreed with its recommendations so far as they went,

issued an addendum to voice their opinion that these recommendations did not suffice to safeguard the public interest. In order to protect the community against the evils of private monopoly—the endeavor to prevent associations and combinations was held to be ineffective and unwise—the minority recommended that the monopolized services be performed by the coöperative societies (which had steadfastly refused to enter combinations), or by the municipalities, or, where the enterprise was national in scope, by the state. The minority did not recommend state operation in every case, yet it did express the earnest conviction that the best safeguard against private monopoly was socialization.

ELIOT JONES.

Leland Stanford University.

The hearings before the Committee on Interstate Commerce, United States Senate, May 29, 1919, on *Relinquishment of Government Control of Telephone and Telegraph Lines* have been printed (Washington, pp. 124).

The Library of the Bureau of Railway Economics has prepared a typewritten bibliographical list entitled *Some Comments on the Plumb Plan*, revised (Washington, Sept. 20, 1919, pp. 20). This bureau has also issued a *List of References to Books and Articles on the Adamson Eight Hour Law of September, 1917*, revised (pp. 22).

The American Exchange National Bank has made a *Digest of Railroad Bills and Plans* (New York, pp. 28).

A summarized comparison of *Railroad Bills Now Before Congress* has been prepared in tabular form by the Equitable Trust Company of New York.

Among recent public utility reports are:

Fourth and Fifth Annual Reports of the Public Utilities Commission of Colorado, 1916-1918 (Denver, pp. 191).

Seventh Annual Report of the Public Utilities Commission of Connecticut, 1918 (Hartford, pp. 684).

Thirty-fourth Annual Report of the Board of Gas and Electric Light Commissioners of Massachusetts, 1918 (Boston, pp. 295, 532).

Ninth Annual Report of the Board of Public Utility Commissioners of New Jersey, 1918 (pp. 201).

Twelfth Annual Report of the Public Service Commission, Second District, New York, 1918, vol. I (pp. 653).

The *Laws of Colorado relating to Public Utilities* have been revised and reprinted as a separate (Denver, Public Utilities Commission, pp. 53).

Labor

THE NATIONAL INDUSTRIAL CONFERENCE. When the National Industrial Conference convened in Washington, on October 6, it was without organization or program. The first three days of the conference were devoted to preliminary work of organization. No agenda having been prepared and no definite business being before the conference, the chairman on the fourth day requested the three groups to lay before it propositions upon which action was desired.

From the Public Group came a number of resolutions, including a plan prepared by the Secretary of Labor for the adjustment of labor disputes. These resolutions endorsed works councils, the stabilization of employment, the creation of a National Board of Conciliation and Arbitration, the right to organize for collective bargaining, and the passage by Congress of an anti-profiteering act similar to that of Great Britain. The resolutions emanating from the Public Group had each been presented by individuals and had been assented to by the group for formal presentation as germane to the purpose of the conference; in other words, the resolutions of the Public Group in no way indicated its attitude nor in any way prejudiced one way or the other the attitude of any individual composing it.

With the Labor Group the case was different. Mr. Gompers, in presenting the report of that group, stated that it had met for several days prior to the conference and had "reached an unanimous conclusion upon the subject-matter to present for the consideration of the conference. There is no pride of authorship in any of the proposals. They are the unanimous conclusions of our group."¹ The report was made up of a resolution for the arbitration of the steel strike and of eleven propositions. The conference was asked to declare in favor of:

1. The right of wage-earners to organize.
2. The right to bargain collectively through trade unions.
3. The right to be represented in negotiations and adjustments by representatives of their own choosing.
4. The right of free speech, press and assembly.
5. The right of employers to organize.
6. a. The eight-hour day, with one day's rest in seven.
b. Time and one-half for overtime work.
7. The right of all wage-earners to a living wage.

¹ Official Proceedings, stenographic transcript, p. 173.

8. *a.* Equal payment for equal work for women.
- b.* Preservation of the health of women workers.
9. Prohibition of the labor of children under sixteen.
10. Establishment of a national conference board and similar boards in the several industries with organization and objects similar to those of the Whitley Councils in Great Britain.
11. Prohibition of immigration into the United States until two years after the declaration of peace.

The following day the Employers' Group presented: first, a resolution relating to the appointment of a congressional committee to recommend a plan for coördination of all government reports and for the securing of industrial information through the census; and, second, a statement of principles to govern the employment relation in industry.

This statement of principles, it was explained, "was originally prepared by that section of the Employers' Group named by the National Industrial Conference Board, referred by the group to a committee composed of the various elements of the group . . . and, therefore, comes to the conference in that form; the authorship consequently being the original authorship of the [National] Industrial Conference Board with such changes as they accepted readily from the committee of the group."² These principles asserted:

1. Increased production is necessary, and restriction of production by either employer or employee is condemned.
2. The establishment and not the industry is to be regarded as the productive unit.
3. Conditions of work should be reasonably safe and satisfactory for the workers, and every effort should be made to give steady employment.
4. *a.* Wages should be sufficient to maintain a family at a reasonable standard of living with due regard for quantity and quality of productive effort, and value and length of service.
- b.* Women should receive equal pay with men for equal work and be given equal opportunity for advancement.
5. *a.* The standard of the work schedule should be the week, with one day's rest in seven.
- b.* Overtime should as far as possible be avoided.
6. Each establishment should possess within itself adequate means for adjustment of disputes.
7. All men have a right to associate, provided the resulting collective power is not used to coerce or control others without their consent.
8. Every association, whether of employers or of employees, should be legally answerable for its own conduct and that of its agents.
9. Freedom of individual contract is to be maintained and protected.
10. The open shop shall not be interfered with and the employer shall not be required to deal with those who are not his employees.

² Proceedings, p. 243.

11. The strike and lockout shall be permissible in private industry as a last resort, but no strikes in public utility or government service shall be tolerated.

12. Training of industrial workers through apprenticeship systems and extension of vocational education is needed.

No method whereby these principles might be put into operation was suggested, but it was recommended "that such methods . . . be worked out by the individual establishments in conjunction with their employees and by industry as a whole."

These matters, almost all of vital importance and involving issues and questions of policy in which the groups in the conference and the country as a whole had a direct interest, came before the conference in the first two days after the necessary work of organization had been accomplished. On the succeeding days further resolutions continued to be submitted by each of the three groups. From the Public Group, for example, came resolutions touching questions of federal loans for farm buildings, industrial housing, child and woman labor, employment exchanges, salaries of federal civil service employees, profit sharing, as well as several resolutions relating to systems of employee representation. From the Labor Group came a resolution to give employees the right to sit on managerial boards of all public service corporations, and another for a system of free public employment offices. From the Employers' Group, also came an agricultural program involving a lengthy statement of principles and touching many issues affecting the farmers, such as farm production, coöperative marketing, farm organizations, storage and financing of agriculture. Thus, it will be seen that while the conference started with no program and with no idea of the work that it would consider, almost from the first important matters came before it for attention.

Out of this medley of resolutions, declarations, and statements there were two resolutions that came prominently before the Industrial Conference and which became storm centers of discussion. One of these, the first to be presented and the most vexing in character, was the resolution to arbitrate the strike in the steel industry. The second, the one upon which the conference reached an *impasse*, was on collective bargaining. These two will be discussed in the order named.

On the fourth day of the conference Mr. Gompers "on behalf of the Labor Group" offered the following resolution:

Resolved, That whereas the nation-wide strike now in progress in the steel industry of America affects not only the men and women directly concerned, but tends to disturb the relations between employers and workers throughout our industrial life; and

Whereas, this conference is called for the purpose of stabilizing industries

and bringing into being a better relation between employers and employees; and

Whereas, organized labor wishes to manifest its sincere and fair desire to prove helpful in immediately adjusting this pending grave industrial conflict; therefore, be it

Resolved, that each group comprising this conference select two of its number and these six so selected to constitute a committee to which shall be referred existing differences between the workers and employers in the steel industry for adjudication and settlement.

Pending the findings of this committee this conference requests the workers involved in this strike to return to work and the employers to reinstate them in their former positions.

Under the rules of the conference this resolution was passed to the general committee for consideration.

Two days later the resolution was reported back to the conference "without recommendation, two of the groups in the committee having voted a majority against the recommendation, but a majority, in number, of all of the committee having voted in favor of the resolution being reported to the conference."³ In the committee, the resolution had been amended to the effect that the members of the proposed arbitration committee of six might be selected either from within or from without the conference membership.

Dr. Eliot of the Public Group asked the chairman of the conference, on a point of order, to declare the subject-matter of this resolution not germane to the work of the conference. This responsibility the chairman refused to accept, saying: "It seems to me it must be for you to determine whether or not any matter that is brought before you is germane to the broad question as to how capital and labor can be brought together. . . . It becomes a question of judgment for the conference."⁴

An amendment was then presented by a member of the Public Group stipulating that the conference should merely offer to the parties in the steel strike dispute the services of a committee of six, in case the disputants could find no way of reaching an agreement by themselves. The findings of this committee would be binding—"their decision to be final."⁵ This amendment was lost by the unanimous vote of the three groups.

Once more the original steel strike resolution was before the conference. For some reason it always had difficulty in reaching a final vote.

³ Proceedings, p. 326.

⁴ *Ibid.*, p. 353-354.

⁵ *Ibid.*, p. 356-357.

It seemed as if some members of the conference avoided it as they would avoid a live wire. The Labor Group alone defended the proposition by arguments and by threats. It was argued that American industry would very soon meet disaster if the steel strike went on, because of the basic character of that industry and that the deadlock could be broken only by such intervention as was provided in the resolution; that the American Federation of Labor was the safest and sanest medium through which to work for creating a general feeling of responsibility in keeping wage contracts and disciplining those who broke such contracts. It was threatened that a defeat of this resolution would certainly result in the radical element among organized labor getting into control and that revolution and anarchy would be sure to follow.

Those who objected to the resolution argued: first, that it diverted the conference from its original purpose; second, that the taking up of the steel strike would prove a bad precedent because other important strikes were in existence with equal claims for attention; third, that this strike had already been considered by the President of the United States; and, fourth, that the strike was at the moment under investigation by a committee of the United States Senate.

A motion to postpone consideration of the resolution was made and lost. For a moment it looked as if the resolution would come to a final vote. The chairman of the conference asked the leader of the Public Group how that group voted on the resolution. A recess was asked for in order that the group might consult on the question. Immediately, a point of order was made that the time had arrived for the conference to adjourn for that day. Once more the resolution escaped a final vote.

When the conference reassembled on the next day, and when the preliminary business was over, the pending steel strike resolution came up again, like Banquo's ghost. Before the chairman could call for a vote the following resolution was offered by the leader of the Public Group:

Moved, that action on the steel strike resolution be deferred until the general committee reports on the question of collective bargaining, and that the general committee be directed to report on this question not later than Thursday afternoon at 2.30 p. m.⁶

This meant that the report should be returned to the conference by 2.30 on the following day.

On this proposal the Public Group and the Labor Group voted in

⁶ Proceedings, p. 383-386.

favor, the Employers' Group against. By a ruling of the chairman of the conference, the motion was declared carried, thus preventing the resolution from being passed to the general committee. Much protest arose over this decision of the chairman. Objection, however, was made in vain and the conference adjourned under instruction to the general committee to bring in a resolution on collective bargaining before the steel strike matter was again considered. This resolution, therefore, disappeared from view for the time being.

On the eleventh day, the collective bargaining resolutions having been passed upon, the steel strike resolution came once more before the conference. Once more too an attempt was made to adjourn the meeting before a vote was taken, but was unsuccessful. A vote at last became inescapable.

The Chairman: Is the Public Group ready to vote?

Mr. Baruch: We vote "No."

The Chairman: Is the Employers' Group ready to vote?

Mr. Wheeler: The Employers' Group by the required majority votes "No."

The Chairman: The Labor Group vote?

Mr. Gompers: "Yes."

Thus, finally, the vexing resolution was taken out of the conference.

Why was it so difficult for this resolution to reach a final vote in the conference? Certainly, the Labor Group did not change its position on it. It was consistently favorable. With equal certainty, the position of the Employers' Group did not change on it, for it was consistently in opposition. If there was uncertainty of position, therefore, it was among the Public Group. The record is clear that this group was divided in opinion.

Keeping this "contentious matter" so persistently before the Industrial Conference did much to color the discussion on the collective bargaining resolutions, and it created friction within the conference because it was contentious. It prevented the arrangement of an orderly and logical procedure of business. Almost from the first moment of its introduction, its final defeat was apparent. In spite of these facts, either by design or through mismanagement of the conference itself, it was for long impossible to get rid of the steel strike issue. Certainly, no group in the conference gained any material advantage either from the discussion or from final action on this matter.

Although several resolutions dealing with the subject of collective bargaining had been referred to the general committee, none came before the conference until after the steel strike resolution had been temporarily laid aside by the motion directing the general committee

⁷ Proceedings, p. 433.

to report within twenty-four hours on collective bargaining. This report of the general committee was to the effect that no agreement had been reached on a statement of the collective bargaining principle, but that the Labor Group and the Public Group in the committee had voted to recommend a resolution to the conference. The Employers' Group had dissented. By a motion that this report of the general committee, together with the resolution on collective bargaining, should become the report of the conference, the issue of collective bargaining was launched.

In order to understand the relationship of this original, so-called Chadbourne resolution and the substitute proposed by the Employers' Group, they are shown together as follows:

The original resolution
(called the Chadbourne Resolution).

The right of wage-earners to organize in trade and labor unions, to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and relations and conditions of employment is recognized.

This must not be understood as limiting the right of any wage-earner to refrain from joining any organization or to deal directly with his employer if he so chooses.

The substitute resolution of the
Employers' Group.

RESOLVED; That without in any way limiting the right of a wage-earner to refrain from joining any association or to deal directly with his employer as he chooses, the right of wage-earners in private, as distinguished from Government employment, to organize in trade and labor unions, in shop industrial councils, or other lawful form of association, to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and other conditions of employment is recognized; and the right of the employer to deal or not to deal with men or groups of men who are not his employees and chosen by and from among them is recognized; and no denial is intended of the right of an employer and his workers voluntarily to agree upon the form of their representative relations.

It is to be noted that the first paragraph of the original (Chadbourne) resolution was taken literally from the first three propositions of the Labor Group referred to above, and that the second paragraph (the so-called "Endicott tail") marks the compromise effected in the general committee by the members of the Public Group and the Labor Group. It is to be further noted that the substitute resolution offered by the

Employers' Group adopts the phraseology of the original resolution in so far as it has been possible. A comparison of these two resolutions will show that the essential differences are these:

1. That the substitute resolution states the right of the wage-earner to organize in shop industrial councils or other lawful form of association outside of trade and labor unions.

2. That the substitute resolution distinguishes between private enterprise and public employment.

3. That the substitute resolution states the right of the employer to deal or not to deal with men who are not in his employ.

As the discussion progressed, these three differences stood out more and more clearly.

The Labor Group, while endorsing the original resolution, declared that in the second paragraph they had made the utmost concession possible. The importance of the concession, however, is not readily apparent. For the delegates of the Railroad Brotherhoods who represent a closed union shop industry, this addendum may be considered somewhat of a concession. The spokesmen of the Labor Group declared again and again that no further compromise was to be expected.

The Employers' Group defended their substitute resolution, as against the original, on the ground that the original resolution was ambiguous and would be interpreted as excluding all forms of labor organizations other than trade and labor unions, that it would place the influence of the conference in favor of compelling employers to deal with representatives of trade and labor unions, and that the rights of organization and of collective bargaining under this resolution applied without distinction to government as well as to private employment. They held that, constructively, they granted in their resolution the right to organize, the broad right of collective bargaining, and that in certain industries, the public interest was paramount over private interest. They said, too, that the substitute resolution protected the open shop principle.

The Public Group seemed, at first, to agree with the Labor Group on the Chadbourne resolution. During the discussion in the general committee, however, statements were made by two members of the Labor Group, as reported to the conference, that this resolution would apply to trade and labor unions and to these only. This narrow interpretation caused certain members of the Public Group to shift their position. As a result of this change of opinion in the Public Group, a substitute resolution was offered as follows:

The right of wage-earners to organize in associations of their own choosing,

to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and relations and conditions of employment, is recognized.

This must not be understood as limiting the right of any wage-earner to refrain from joining any organization or to deal directly with his employer if he so chooses.

When it was found that this second substitute resolution found no favor with the Labor Group, a third substitute resolution emanated from the Public Group. This was an evident attempt at compromise with the Labor Group. The only difference between this and the original was the addition, after "trade and labor unions," of the words "and other organizations." The Labor Group, however, would not endorse this. The Employers' Group had throughout opposed these substitute resolutions for the same reasons as applied to the original resolution.

The vote taken on this series of resolutions is of interest. On the substitute offered by the Employers' Group, which first came to vote, the Public Group and the Labor Group stood together in opposing it. On the first substitute resolution offered by the Public Group, the Labor Group stood with the Employers' Group against it. On the second substitute resolution offered by the Public Group, Labor again stood with the Employers against it. When a vote was taken on the original Chadbourne resolution, the Public Group and the Employers' Group voted together against it.

The significance of the voting on these resolutions is important. It showed conclusively that the Labor Group really did intend that the original resolution should be confined to collective dealing between employers and trade and labor unions.

All the resolutions on collective bargaining, as well as the steel strike resolution, having finally been taken from before the conference, the way appeared clear for beginning an orderly procedure of business. When the conference reassembled on the following day, there was read to it an appeal from the President of the United States for a continuance of patience and forbearance on the part of all the groups. It was into this situation that the chairman of the Labor Group once again introduced the collective bargaining issue. He offered the following resolution to the conference:

The right of wage-earners to organize without discrimination, to bargain collectively, to be represented by representatives of their own choosing in negotiations and adjustments with employers in respect to wages, hours of labor, and relations and conditions of employment is recognized.

The Chairman waived the rules requiring the resolution to be sent to the General Committee and brought it up at once for vote in the conference. The Public Group and the Labor Group voted in favor of it; the Employers' Group opposed it by a majority of ten to four. Immediately thereafter, the Labor Group withdrew from the conference.

It is apparent from the preceding discussion that the Industrial Conference had before it a great wealth of material with which to deal. Among the resolutions offered were some bearing upon the most vital and far-reaching forces in American industry. It was not, therefore, for lack of work to do that the conference failed to achieve more substantial results. Admittedly, too, it was the time of practical need for a course of constructive action by representative groups of employers and employees. The opportunity for enlightening the general public, for putting before them in a clear, unprejudiced way the essential facts in regard to certain critical phases of industry, was never so great. The opportunity for constructive action was equal to the wealth of material with which to work.

It was, therefore, a great misfortune that the steel strike, in itself a "contentious matter," should have been thrust into the conference almost at the very beginning of its deliberations and should have been kept there so persistently. The Employers' Group and the Labor Group had both presented programs which would readily afford a workable basis for the conference. There might have developed an orderly procedure to well considered constructive issues. Whether there was "politics" in the steel strike measure, or whether the situation developed beyond the control of the chairman or of any group within the conference, may be an open question, but that the measure was from beginning to end a most unfortunate one is beyond doubt.

The collective bargaining issue, like the steel strike, was brought prematurely into the conference. All the members of the Employers' Group contended that no satisfactory discussion of the resolutions on collective bargaining could be had until the preliminary collateral issues had first been discussed. One of the most unfortunate features of the Industrial Conference lies just here. It was impossible for the Employers' Group and the Labor Group to determine how far they might be able to agree on a constructive program for American industry because their way to agreement was blocked by the steel strike resolution and the so-called collective bargaining issue. The experience of the Industrial Conference may well show the futility of calling together such groups without a carefully prepared agenda.

Some good, nevertheless, will arise from the Industrial Conference at Washington. For those who were in attendance and for those who will study with care the opinions presented there on many live issues of the day, there is much of value to be learned. Undoubtedly, for those who participated in the conference, the educational value is considerable. It is also no small achievement to have brought together from various parts of the country a heterogeneous group, like that of the Employers' Group, and to have had them develop a clear statement of principles which in their opinion should govern the employment relation in industry.

C. S. DUNCAN.

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THE COMPUTATION OF LABOR TURNOVER. In the JUNE REVIEW,¹ Paul H. Douglas criticizes the method of computing labor turnover which was recommended by the National Association of Employment Managers at their annual meeting in May, 1918, and since adopted by the United States Bureau of Labor Statistics, and proposes an alternative method.

There are two points involved. First, should the number of separations from the establishment or the number of persons hired to replace these who have left be used as the dividend in the computative process; and, second, should the average daily attendance of employees or the average number of employees on the payroll be used as the divisor. Mr. Douglas advocates the second alternative in either case. In regard to the second, or minor point, I agree with him, but, I believe that his proposed substitution of replacements for separations in the formula is not satisfactory.

His method of computation follows logically from his definition of labor turnover, which is that labor turnover is "simply the number of men hired by a given business unit to take the places of men who have left." "Turnover," he adds, "in this sense is exactly similar to the use of the term by any retail merchant to indicate the disposal of certain units and their replacement by other units. Turnover as such does not begin until replacement occurs." But is this what the term "turnover" means? We should expect it to mean that a unit, whether of merchandise or labor, is turned over when relations with that unit cease. It would not seem to be at all necessary that a new relationship be established with a succeeding unit in order that the first might be said to have been turned over. And, contrary to Mr. Douglas, this seems to be the accepted meaning of the term. Mr. Nystrom, for example, says in his *Economics of Retailing* (p. 181): "Each complete

¹THE AMERICAN ECONOMIC REVIEW, vol. IX (June, 1919), p. 402.

use of the capital invested in merchandise is known as a 'turnover.' " A recent report of the Employment Manager's Committee of the Atlantic Coast Shipbuilder's Association states that out of more than 200 experts in employment management and others to whom the question was submitted only six dissented definitely from the proposition that the labor turnover cycle ends at the termination of employment and not at the replacement by another employee. It is not stated in this report whether answers were received from all of the persons to whom the query was submitted, but the statement that the "conclusion is overwhelmingly substantiated by nearly all experts in employment management," suggests that the voting was at least sufficient to be representative. Replacement, it seems, has nothing to do with the turnover cycle save to begin a new one. If our process of computing labor turnover is to be in accord with the obvious and accepted meaning of the term, it seems clear that it must be based upon separations, not upon replacements.

Practically, too, the advantage lies with the separations method. The percentage derived by this method is more significant, both to employers and to the public, than the percentage derived by the replacement method. The aspect of this question that the public is most interested in is the degree to which employment is continuous, that is, the degree of stability of the labor force. Dividing the total labor separations at a plant by the payroll will not give an ideal stability index, but it is much nearer to it than if the number of replacements were used instead of the number of separations, if these two should not be equal. The test of instability is separations; replacements depend upon either the desire or the ability of the employer to fill the places left vacant. Failure to fill positions does not give perfect stability to a labor force. Consequently, the replacements method will not tell us what we most wish to know.

Likewise the result of a computation based on the number of separations is much more significant to the employer than the result of a computation based on the number of replacements. If men are laid off, the replacements method will not reflect the pathological condition of the business which makes the decrease in the work force advisable, while it would be indicated by the other method.

Under certain conditions the efficiency of the labor department of an establishment is more clearly indicated by comparing replacements rather than separations with the payroll, for then a failure of other departments which makes necessary the reduction of the force would not be reflected in the resulting percentage. But if the em-

ployer desires to replace those who have left, it is the clearly recognized duty of the labor department to find the needed men. If this cannot be done, the computation on the basis of replacements will not indicate the efficiency of the department.

There seems to be no practical reason why we should substitute the replacement method for the separations method in the labor turnover computation. In other words, there seems to be no reason why the labor turnover computation should not be in line with the meaning of the word "turnover."

H. G. HAYES.

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Recent bulletins of the United States Department of Labor have appeared as follows:

- No. 254, *International Labor Legislation and the Society of Nations*, by Stephan Bauer (Washington, May, 1919, pp. 135). There are chapters on: International labor protection programs of 1916 and 1917; International regulation of the right of combination, of social insurance, of the protection of children and of females, of working hours, etc.
- No. 255, *Joint Industrial Councils in Great Britain* (July, 1919, pp. 207). This contains reports of a committee on relations between employers and employed and other official documents relating to works committees and joint industrial councils.
- No. 257, *Labor Legislation of 1918* (June, 1919, pp. 169). This compilation is a summary of state labor legislation made by Lindley D. Clark.

The Working Conditions Service of the United States Department of Labor has reprinted an address by W. M. Leiserson on *Employment Management, Employee Representation, and Industrial Democracy* (Washington, pp. 15).

The Children's Bureau of the United States Department of Labor has issued part 3 of the Administration of Child Labor Laws. It deals with the *Employment-Certificate System of Maryland* and was prepared by Francis H. Bird and Ella A. Merritt (Washington, 1919, pp. 127).

The hearings before the Committee on Education and Labor held in January, 1919, on *Social and Industrial Conditions in the United States* have been printed. This is largely devoted to a statement by Mr. Gompers.

The New Jersey State Chamber of Commerce has published a series of valuable bulletins dealing with various labor problems. Among them is to be noted the issue of July, 1919, on *Shop Committees and Industrial Councils*, prepared by the Bureau of State Research. It analyzes the plans of different establishments which have already put these systems into operation; and the analysis is made more helpful by an appendix of synoptical tables covering the different systems.

The Special Bulletin of the New York Department of Labor for June, 1919 (No. 94) contains *New York Labor Laws Enacted in 1919* (Albany, Bureau of Statistics and Information, pp. 72). This department has also issued a compilation of the New York state *Labor Law with Amendments, Additions and Annotations to August 1, 1919* (pp. 191).

The Profit-Sharing Plan of Sweet, Causey, Foster & Company has been printed (Denver, Colo., pp. 14).

The Bureau of Statistics of Massachusetts has compiled the eighteenth annual *Directory of Labor Organizations in Massachusetts* (May, 1919, pp. 65).

Among state reports of labor bureaus the following have been received:

Second Report of the Industrial Commission of Colorado, 1918 (Denver, pp. 128).

Twenty-eighth Report of the Bureau of Labor Statistics, 1918 (Hartford, pp. 89).

Forty-ninth Annual Report on the Statistics of Labor, 1918 (Boston, pt. I, pp. 61; pt. II, pp. 148; pt. III, pp. 95; pt. IV, pp. 54).

Second Biennial Report of the Commissioner of Labor of Nevada, 1917-1918 (Carson City, pp. 127).

Twenty-seventh Annual Report of the Maryland State Board of Labor and Statistics, 1918 (Baltimore, pp. 306).

Sixteenth Biennial Report of the Department of Labor and the Department of Compensation of Nebraska, 1917-1918 (pp. 258, 69).

Fourteenth Biennial Report of the Bureau of Labor of West Virginia, 1917-1918 (Charleston, pp. 99).

Money, Prices, Credit, and Banking

INTERNATIONAL PRICE COMPARISONS, a highly interesting and trustworthy monograph, has been published by the Department of Commerce of the United States government in coöperation with the War

Industries Board (Washington, 1919, pp. xiv, 395, 25c.). The volume was prepared by Professor Wesley C. Mitchell with the assistance of Margaret L. Goldsmith and Florence K. Middaugh, and is a contribution to the History of Prices During the War as originally planned by the War Industries Board. It aims to compare the rise of prices in the United States and other countries, belligerent and neutral, from 1913 to 1918 inclusive.

The bulk of the report consists of tables of statistics. There are more than twenty text figures or charts embodying the results of statistical compilations and comparisons. Of actual text there are less than fifty pages but these are worthy of very careful examination. Here are outlined the aim, scope, and method of the international price comparisons made; American prices during the war and the peace-time relations between American and European price fluctuations; and the fluctuations of prices in foreign countries and in the United States in 1913-1918. The report contains tables in full of all the prices studied. The tables are arranged by countries and the commodities studied are listed alphabetically. The general trend of price fluctuations as a whole is shown by index numbers.

The conclusions established by the investigation are set forth on page 53 and some of these conclusions are here added:

The extraordinary rise of prices which started in Europe on the outbreak of the war spread over the whole commercial world. Remoteness from the chief scene of conflict did not protect Japan or Australia from a revolution in prices; difference of economic organization did not protect India; the maintenance of neutrality did not protect Argentina. No other development has ever demonstrated so forcibly the strength of the economic bonds that unite all the nations of the globe in a common fortune.

In comparison with this basic similarity, the differences between the price fluctuations that occurred in various countries are matters of secondary importance; yet they merit attention. In England, France, Italy, Germany, Austria, Russia, Denmark, Sweden, and Norway, and even in the distant British colonies of Canada and Australia, a sustained advance began before the end of 1914. India was definitely drawn into the price revolution early in 1915, Argentina and the United States in the latter part of 1915, and Japan early in 1916. Regarding the ultimate degree of the advance, little can be said until figures for 1917 and 1918 become available for all countries. But there is present evidence that in 1915 food prices, at least, rose more violently in Austria than elsewhere; that French prices advanced more than British prices, and Italian more than French; that at least up to the end of 1916 the Scandinavian neutrals were affected in about the same degree as the European belligerents; and that the rise in other parts of the world was less extreme than in Europe. . . . Of the 14 countries studied there are only 2 in which the level of prices was all the time less than in the United States—

India, for which the quotations end with 1917, and Argentina, with which the comparison extends to August, 1918.

As a whole, the report is a mine of useful and first-hand information on a subject of great interest to economists and others at the present time.

AVARD L. BISHOP.

Yale University.

The hearings before the Senate Committee of Banking and Currency on *Incorporating Institutions to Engage in International or Foreign Banking*, held July 23, 1919, have been printed (pp. 28).

The Bureau of Education has compiled in a five-page leaflet a table showing *Increases in Salaries of College Teachers* in three hundred different institutions (Washington, July, 1919).

The National Industrial Conference Board has continued its studies on the cost of living in a pamphlet entitled *Changes in the Cost of Living, July, 1914-July, 1919* (Sept., 1919, pp. 31).

Mr. A. C. Miller, a member of the Federal Reserve Board, delivered in Chicago, September 24, 1919, before the American Association of the Baking Industry, an address on *The Cost of Living Problem* (pp. 20, typewritten).

The *Proceedings of the First Annual Convention of the National Association of Securities Commissioners*, held in 1918, have been compiled by Charles J. Andre, secretary (St. Paul, pp. 64).

Public Finance

Among state tax reports are:

Report of Commissioners of Taxes and Assessments of the City of New York (pp. 87).

Tenth Annual Report of the Tax Commissioner of the State of Texas, 1918 (pp. 91).

Second Annual Report of the Statistics of Municipal Finances, prepared by the Wisconsin Tax Commission, 1918 (pp. 24).

The Bankers Trust Company of New York has issued in a small pamphlet, *Extracts from the Inheritance Tax Law of the State of New York* (1919).

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by Arthur N. Young)

- ARIAS, G. *Les idées économiques et sociales de Giuseppe Mazzini*. Rev. d'Econ. Pol., May-June, 1919. Pp. 16.
- BARNES, H. E. *Two representative contributions of sociology to political theory: the doctrines of William Graham Sumner and Lester Frank Ward*. Am. Journ. Sociol., July, 1919. Pp. 22.
- BROWN, H. G. *An eminent economist confused*. Quart. Journ. Econ., May, 1919. Pp. 5. A controversy with Professor Carver regarding some of the possible effects upon wages and land rents of a protective tariff.
- BUSHNELL, C. J. *Scientific method in sociology*. Am. Journ. Sociol., July, 1919. Pp. 17.
- DALLARI, G. *Il senso storico di Cesare Correnti*. Riv. Ital. di Soc., July-Dec., 1919. Pp. 14. Well known as an economist, Correnti had an unusual understanding of historical forces.
- DICKINSON, Z. C. *The relations of recent psychological developments to economic theory*. Quart. Journ. Econ., May, 1919. Pp. 44. Presents the thesis that the newer psychology has an important but not a vital bearing upon static economics, the analysis of the existing order, but that it is of great importance for determining the effects of social changes and in consideration of questions of welfare.
- HAMILTON, W. H. *An appraisal of Clay's economics*. Journ. Pol. Econ., Apr., 1919. Pp. 9. A favorable review of Clay's *Economics: An Introduction for the General Reader*.
- LINDBERG, J. K. *Dr. L. V. Birck's Vårdiläre*. Nat. ök. Tids., May-June, 1919. Pp. 79. A systematic presentation of the author's value theory with Dr. Birck's recent book on marginal utility as the basis.
- SENSINE, G. *Le teoria sociologica dell'interesse composto*. Rif. Soc., May-June, 1919. Pp. 6. With primary reference to Pareto's doctrine.
- TANGORRA, V. *La via che seguiremo. Scuola "classica" e scuola "cristiano-sociale" di economia politica*. Rif. Soc., May-June, 1919. Pp. 19. The classical and Christian-social schools of political economy contrasted.
- WRIGHT, P. G. *Cost of production and price*. Quart. Journ. Econ., May, 1919. Pp. 7. Discusses the practicability of applying Marshall's idea of the "representative firm" in consideration of problems of normal price.

Economic History, United States

(Abstracts by E. L. Bogart)

- BROWN, P. W. *The collapse of the steamboat traffic upon the Mississippi: an inquiry into causes*. Miss. Valley Hist. Rev., May, 1919. Pp. 7. Enumer-

ates four causes: (1) the short life of the steamboat, (2) irregularity of service, (3) instability of rates, (4) lack of organization.

- CONGER, J. L. *South Carolina and the early tariffs*. Miss. Valley Hist. Rev., Mar., 1919. Pp. 19. Discusses the spirit of the state, the banking situation, the system of internal improvements, and the tariffs, from 1812 to 1832.
- COTTERILL, R. S. *Early agitation for a Pacific Railroad, 1845-1850*. Miss. Valley Hist. Rev., Mar., 1919. Pp. 20. Discusses early plans by Asa Whitney of New York, proposed route, legislation, and conventions.
- COTTERILL, R. S. *Early railroading in Kentucky*. Register of the Ky. State Hist. Soc., Jan., 1919. Pp. 8. Discusses plans and negotiations, 1833-1837, for a Louisville, Cincinnati, and Charleston railroad, which was never built.
- GOODWIN, CARDINAL. *John H. Fonda's explorations in the southwest*. Southwestern Hist. Quart., July, 1919. Pp. 8. Describes the exploration of the southwest to Santa Fe and back to St. Louis, 1819-1823, from the explorer's own account.
- GOODWIN, CARDINAL. *The movement of American settlers into Wisconsin and Minnesota*. Iowa Journ. Hist. & Pol., July, 1919. Pp. 23. Covers the settlement of Wisconsin and Minnesota by Americans from the beginning to about 1860.
- HATCH, L. C. *The beginnings of prohibition*. Americana, Oct., 1919. Pp. 13. Covers the early laws regarding prohibition in Maine.
- INGLEHART, J. E. *The coming of the English to Indiana in 1817 and their Hoosier neighbors*. Indiana Mag. of Hist., June, 1919. Pp. 91. Discusses the first English settlers, later emigration to America, the Illinois and Indiana settlements, pioneer life, organization of government, economic conditions, and the spirit of the people.
- KING, J. *The Nonpartisan victory*. The Public, July 5, 1919. Pp. 3. An account of the aims and achievements of the Nonpartisan League in North Dakota.
- MEEKER, R. *What is the American standard of living?* Mo. Lab. Rev., July, 1919. Pp. 13. There is no single American standard, but many standards according to income and size of family. The minimum living standard should be sufficient to support life in decency and in health.
- RUSSELL, P. *An analysis of the Pacific railroad reports*. Wash. Hist. Quart., Jan., 1919. Calls attention to the large amount of valuable material in these reports for the history of the West.
- UPHAM, G. B. *The Indian trail along the Connecticut River*. Granite Monthly, Oct., 1919. Pp. 7. Describes the life of the first white settlers of the Connecticut Valley.
- VAN CLEEF, E. *The Great Lakes as a civic and national asset*. Journ. Geog., Jan., 1919. Deals briefly with the evolution of commerce on the Great Lakes.
- WAY, R. B. *The United States factory system for trading with the Indians*. Miss. Valley Hist. Rev., June, 1919.

- WILSON, M. L. *The evolution of Montana agriculture in the early period.* Miss. Valley Hist. Rev., May, 1919. Pp. 13. Covers only the pioneer period, especially its relation to mining and to stock-raising.
- WINSTON, J. E. *Texas annexation sentiment in Mississippi, 1835-1844.* South-western Hist. Quart., July, 1919. Pp. 20. During the struggle between Texas and Mexico, Mississippi gave valuable assistance and generally favored the admission of Texas, as a large slave-holding state, into the Union.
- Political and economic developments in the United States.* Round Table, June, 1919. Pp. 13. Discusses the League of Nations issue, the industrial situation, the farmers' movement, and the railway policy.

Economic History, Foreign

- BOWDEN, W. *The English manufacturers and the commercial treaty of 1786 with France.* Am. Hist. Rev., Oct., 1919.
- CHAFFELL, F. C. *Economic conditions in Great Britain.* Protectionist, Oct., 1919.
- COHN, E. *Oekonomiske Oversigter.* Nat. ök. Tids., May-June, 1919. Pp. 55. This is the first instalment of a comprehensive review of the economic situation in Denmark from August, 1917, to June 30, 1918.
- DEWAVRIN, M. *L'industrie manufacturière au Canada et spécialement la grande industrie, d'après les recensements de 1910 et de 1915.* Journ. de la Soc. Stat. de Paris, Oct., 1919.
- DIOURITCH, G. *A survey of the development of the Serbian (Southern Slav) nation, an economic and statistical study.* Journ. Royal Stat. Soc., May, 1919.
- GINI, C. *Gli ammaestramenti del passato sul "dopo-guerra" attuale.* Supp. Econ. del Giorn. Il Tempo, June 5, 1919. Pp. 4. The problems of the present seen in the light of other post-bellum experience.
- GUERRAZZI, G. F. *David Lubin in Italia—ricordi personali.* La Terra, February 1919. Pp. 7.
- KABA, J. *Etude économique sur la Bessarabie.* Le Monde Econ., Sept. 27, 1919.
- MARTIN, P. F. *Brazilian finance—retrospective and prospective.* Finan. Rev. Rev., June, 1919.
- MOURRE, C. *L'influence de la production d'or sur l'activité économique de 1820 à 1913.* Journ. de Soc. Stat. de Paris, Aug.-Sept., 1919.
- NORDENSKIÖLD, E. *Finland: The land and the people.* Geog. Rev., June, 1919.
- RAFFALOVICH, A. *Quelques aspects de la vie économique en Allemagne.* L'Econ. Franç., July 26, Sept. 20, 1919.
- ROVÈRE, J. *Le développement économique de la Bavière de 1870 à 1914.* Rev. Sci. Pol., June, 1919.
- SHAH, D. A. *Economic thought in India.* Journ. Ind. Econ. Soc., June, 1919.

SOLIS DE OVANDO BRAVO. *Política económica en Chile*. Revista Universitaria (Chile), Apr., 1919. Pp. 8. Based on a study by Daniel Martner called *Nuestros problemas económicos*; essentially a survey of the economic needs of Chile.

Economic conditions in China in 1918. Econ. Wld., July 12, 1919.

The house of Rothschild. Quart. Rev., Apr., 1919.

Agricultural Economics

(Abstracts by A. J. Dadisman)

ARNOLD, J. H. *A study of farming in southwestern Kentucky*. U. S. Dept. Agr. Bull. 713 (1918). Oct., 1918. Pp. 19. A professional paper briefly discussing the principal factors contributing to success on 342 farms, with a detailed study of five farms using good methods.

CARMODY. *Agriculture in the tropics for ex-soldiers*. United Empire, Aug., 1919. Pp. 11. The possibilities of agricultural developments. Climate, soils, crops, health, labor, and settlement schemes are discussed.

CIJESSA, F. *La nazionalizzazione delle terre*. Riv. Ital. di Soc., Jan.-June, 1918. Pp. 26. The argument for land nationalization in Italy, proposed as a measure of post-war reform, and its difficulties.

CONNOR, L. G. *Labor costs and seasonable distribution of labor on irrigated crops in the Utah Valley*. Utah Sta. Bull. 165 (1918), Oct., 1918. Pp. 24. A study of farm practices in growing small fruits, general field crops, and canning crops, with seventeen tables, and illustrations.

CURRIER, E. L. *A farm survey of Montana*. Mont. Col. Agr. Ext. Ser. No. 25 (1918), June, 1918. Pp. 18. A survey of 30,964 farms in Montana showing acreage and production of principal crops for 1917 and acreage planted in 1918 by counties. Farm labor is discussed and livestock on farms 1917-18 given.

DANIELSON, E. R. *The census of farms, livestock, and agricultural production*. Bull. Neb. Bd. of Agr. 245 (1918), Jan., 1918. Pp. 103-151. A tabular census by counties of Nebraska farms, livestock, and crops, showing tenantry and agricultural production with values.

GOODRICH, C. L. *Producing family and farm supplies on the cotton farm*. U. S. Dept. Agr. Farmers' Bull. 1015 (1919), Jan., 1919. Pp. 16. An argument in favor of producing the family food supply on the farm. Four tables.

HOLMES, R. H. *Influences of the industrial and social revolution upon the agricultural industry of America*. Am. Journ. of Sociol., May, 1918. Pp. 12. An argument in favor of society's making social and economic conditions satisfying to rural people.

NOURSE, E. G. *The place of agriculture in modern industrial society*. I, II. Journ. Pol. Econ., June, July, 1919. Pp. 32, 17. (1) Arguments in favor of agriculture and commerce and industry predominating in industrial society, suggesting a harmonious adjustment and giving the experiences of France, England, and Germany in meeting the problems. (2) The develop-

ment of agriculture in the United States, its present status, and the needs for a consistent national agricultural policy.

OSTRANDER, W. A. *Farming as a business*. S. Dak. Col. Agr. Ext. Circ. 10 (1918), July, 1918. Pp. 31. A copy of a farm account book kept by a South Dakota farmer, 1917-1918.

PRATO, G. *La terra ai contadini o la terra agli impiegati?* Rif. Soc., Jan.-Feb., 1919. Pp. 56. For two years there has been an insistent demand in Italy that the land be given over to the people, and a large literature has resulted. The significance and merits of the movement are here studied.

ROGERS, F. E. *Wholesale prices and receipts of apples in Boston for thirty-six years*. N. Y. State Col. Agr. Cornell Ext. Bull. 28 (1918), Apr., 1918. Pp. 11. A summary of prices and receipts of apples in Boston, from reports of *Weekly Review of Boston Produce Market*. Six tables and one figure.

SPILLMAN, W. J. *How farmers acquire their farms*. Proc. Soc. Prom. Agr. Sci., 38 (1917), Nov., 1917. Pp. 5. A study of how 684 boys from Kansas, Illinois, and Nebraska became farm owners.

SQUIRES, B. M. *Demobilization and resettlement in the United Kingdom*. Mo. Lab. Rev., 1919. Pp. 16. An analysis of demobilization and unemployment, considering both men and women and their occupations, with eighteen tables.

THORNE, C. E. *The cost of crop production in Ohio*. Mo. Bull. Ohio Sta. 2 (1918), Nov., 1918. Pp. 337-348. A study of the cost of producing the principal farm crops in Ohio from United States Census and Ohio Station figures and estimates.

TISSERAND, E. *Les moyens d'intensifier la production agricole*. Le Musée Social, July 1, 1919. Pp. 9. A picture of agricultural conditions in France and an argument in favor of using more scientific methods as a means of improvement.

VINELLI, M. *Il vizio organico della proprietà territoriale in Sardegna*. Giorn. d. Econ., Apr., 1919. Pp. 5. Subdivision of estates has reached a critical point.

ZAPOLEON, L. B. *Geographical phases of farm prices: corn*. U. S. Dept. Agr. Bull. 696 (1918). Sept., 1918. Pp. 53. A detailed study of general facts relative to corn production, farm prices, commercial movements, markets, farm consumption, etc. Illustrations, maps, tables, and graphs.

Agricultural production for 1919. U. S. Dept. Agr., Off. Sec. Circ. 125 (1919), Jan., 1919. Pp. 27. A summary of agricultural production in the United States in 1918 and requirements for 1919, with notes on fertilizer and farm labor. Eight tables.

France: Credit for the acquisition of small rural holdings by military pensioners and by civilians who have suffered by the war. Intern. Rev. Agric. Econ., Apr., 1919. Pp. 10. Provision of a law whereby the state provides funds, without interest, to credit societies which afford long-time credit on real estate to disabled soldiers and their widows.

Ottoman Empire: Jewish agricultural colonization in Palestine. Intern. Rev. Agric. Econ., Apr., 1919. Pp. 17. A description of the country, agrarian conditions, and history of Jewish colonization.

Railways and Transportation

(Abstracts by Julius H. Parmelee)

- ALLIX, G. *Le régime futur des chemins de fer Belges.* Journ. des Trans., Aug. 9, 1919. Pp. 3.
- ALLIX, G. *Les résultats de 1918. Le Métropolitain de Paris. Le chemin de fer Nord-Sud de Paris.* Journ. des Trans., July 5, 19, 1919. Pp. 3, 4.
- ALLIX, G. *Le transeuropéen.* Journ. des Trans., Sept. 6, 1919. Pp. 2.
- ALLIX, G. *Les transports dans le traité de paix avec l'Allemagne.* Journ. des Trans., June 28, 1919. Pp. 4.
- ALLIX, G. *Un ministère Anglais des transports.* Journ. des Trans., Sept. 27, 1919. Pp. 4. British transport bill from French viewpoint.
- ANDERSON, G. W. *A way out of the railroad dilemma.* Current Affairs, Sept. 8, 1919. Pp. 4. Advocates a single operating company.
- BARNES, J. K. *Solving the railroad problem.* World's Work, Sept., 1919. Pp. 11. Review of proposed plans.
- BURTON, T. E. *A program of railroad legislation.* Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 8.
- COTTERILL, R. S. *Early agitation for a Pacific railroad, 1845-1850.* Mass. Valley Hist. Rev., Mar., 1919. Pp. 19.
- COUNTY, A. J. *The greater efficiency of private operation of railroads.* Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 18.
- DAWES, W. R. *Common sense and the railroads.* Sat. Eve. Post, Aug. 9, 1919. Pp. 3.
- DEESEN, F. J. *The logarithmic chart in the analysis of railroad operations.* Ry. Age, Sept. 19, 1919. Pp. 2.
- DIXON, F. H. *Federal operation of railroads during the war.* Quart. Journ. Econ., Aug., 1919. Pp. 55.
- DUNN, S. O. *Objections to government ownership of railroads.* Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 18.
- DUNN, S. O. *Railroad "exploitation."* Mag. of Wall St., Aug. 30, 1919. Pp. 5. Critical analysis of the "Plumb plan."
- EMERY, J. A. *Statistics show railway's plight.* Elec. Ry. Journ., Aug. 23, 1919. Pp. 3. Increased expenses of electric railways.
- GEDDES, E. *What improved transport will mean.* Ry. Gaz. (London), Sept. 19, 1919. P. 1. Brief statement of new Transport Minister's ideals.
- HOUARD, G. *La sécurité en chemin de fer est un problème résolu.* Je Sais Tout, July 15, 1919. Pp. 9. "Safety first" in France.

- HUNGERFORD, E. *John Bull—railway man*. Sat. Eve. Post, Aug. 2, 1919. Pp. 5.
- HUNGERFORD, E. *Our drifting railroads*. Sat. Eve. Post, Sept. 13, 1919. Pp. 5.
- HUNGERFORD, E. *Why competing railroads?* Sat. Eve. Post, Oct. 19, 1919. Pp. 4.
- HUNGERFORD, E. *The Yankee locomotive in France*. Everybody's Mag., Aug., 1919. Pp. 7.
- JACKSON, W. *The zone fare in practice*. London County Council. Elec. Ry. Journ., Aug. 2, 9, 1919. Pp. 6, 6.
- JOHNSON, A. B. *The restoration of railway development*. Ry. Age, Aug. 29, 1919. Pp. 10.
- JONES, C. W. *The railways of Venezuela*. Ry. Rev., Aug. 9, 1919. Pp. 5. With map and illustrations.
- KELWAY-BAMBER, H. *Railway transport in the United Kingdom*. Ry. Gaz. (London), July 25, Aug. 1, 8, 1919. Pp. 3, 4, 4.
- LAWRIE, H. N. *What federal operation has done to the railroads*. Annalist, Sept. 1, 1919. Pp. 5. With charts and statistical tables.
- LIESSE, A. *La situation de nos chemins de fer*. L'Econ. Franç., Aug. 16, 1919. Pp. 3.
- LOVETT, R. S. *Competition and private initiative in railroad development and management*. Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 8.
- LOVETT, R. S. *Some comments on the railroad problem*. Ry. Age, July 25, Aug. 1, 1919. Pp. 3, 6.
- MACLEOD, F. J. *Public ownership may be only means of restoring credit*. Elec. Ry. Journ., Aug. 30, 1919. Pp. 4. The electric railway problem in Massachusetts.
- MADGEN, W. L. *Some light on British tramway conditions*. Elec. Ry. Journ., Aug. 30, 1919. Pp. 4.
- MOHUN, J. L. *Personal injuries due to locomotive failures*. Ry. Age, July, 18, 1919. Pp. 6. With charts.
- MONTAGU, J. W. *"Controlled" transport*. Nineteenth Cent., Aug., 1919. Pp. 5. Critique of English transport bill.
- NOLA, C. DI. *Gli odierni aspetti dell' economia dei trasporti*. Giorn. d. Econ., May, 1919. Pp. 25.
- PARKS, C. E. *Fuel conservation methods of the Santa Fe*. Santa Fe Mag., Aug., 1919. Pp. 6. Conservation methods have saved \$2,000,000 in six years.
- PAYEN, E. *L'électrification des voies ferrées*. L'Econ. Franç., Aug. 30, 1919. Pp. 3.
- PAYNE, J. L. *Report on railway mail pay in Canada*. Ry. Age, Sept. 26, 1919. Pp. 2.
- PLUMB, G. E. *Labor's solution of the railroad problem*. Nation, Aug. 16, 1919. Pp. 2. Analysis of the so-called Plumb plan.

- RAPEER, L. W. *The railroad emergency*. R. R. Trainman, Oct., 1919. Pp. 4. Advocates public ownership with unified private operation.
- RAYMOND, W. G. *Railroad reorganization in the interest of public, owners, and employees*. Proc. St. Louis Ry. Club, Sept. 12, 1919. Pp. 19.
- REA, S. *Objections to government guarantee of return on railroad capital*. Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 10.
- RHEA, F. *China as a market for railway materials*. Ry. Rev., Aug. 30, 1919. Pp. 6.
- SELIGMAN, E. R. A. *Government ownership or government control of railroads*. Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 17. Brief analysis of unrestricted, regulated, and government railway operation. Advocates private ownership and operation, with some modifications in present system.
- SISSON, F. H. *Grave crisis foreseen in the electric railway situation*. Annalist, Aug. 4, 1919. Pp. 2.
- SMITH, A. W. *Nationalizing railroad corporations by statute*. Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 7.
- THAYER, R. E. *The British transport bill becomes a law*. Ry. Age, Sept. 5, 1919. Pp. 2.
- THAYER, R. E. *The reconstruction program for French railways*. Ry. Age, Aug. 1, 8, 1919. Pp. 6, 5. With maps and illustrations.
- VILLARD, H. G. *Some chapters in Canadian government ownership*. Ry. Age, July 18, 25, Aug. 1, 1919. Pp. 5, 3, 3.
- WADE, C. G. *Nationalization in Australia*. Fortn. Rev., Sept., 1919. Pp. 14. Critical analysis by the agent-general for New South Wales.
- WARDURG, P. W. *Stabilizing railroad investments*. Nat. Inst. Soc. Sci. Journ., June 1, 1919. Pp. 12.
- WILSON, H. R. *British railway accidents in 1918*. Ry. Rev., July 19, 1919. P. 1.
- WILSON, H. R. *Cost of British railways during the war*. Ry. Rev., July 26, 1919. Pp. 2.
- WILSON, H. R. *The future of the railways of the United Kingdom*. Ry. Rev., Apr. 5, 19, 1919. Pp. 2, 2.
- WOODLOCK, T. F. *The fatal defeat of the Cummins bill*. The Rev., Sept. 27, 1919. Pp. 2. Criticizes proposal to cut down railway earnings above given limit.
- British railway accounts during the war period*. I. Ry. Gaz. (London), Sept. 19, 1919. Pp. 7.
- The case for the men*. Ry. Rev. (London), Oct. 3, 1919. Pp. 3. Labor's statement of the British railway strike.
- A comprehensive revised interstate commerce law*. Ry. Age, July 18, 1919. Pp. 4. Proposal of President Loree of Delaware & Hudson Railroad.

- Early transportation.* Americana, Apr., 1919. Pp. 33. Turnpike, canal and railway development. Based on J. N. Boucher's *Old and New Westmoreland*. Illustrated.
- European train speeds.* Ry. Gaz. (London), Aug. 22, 29, Sept. 12, 1919. Pp. 2, 4, 7. Final articles in a lengthy series.
- Ministry of transport act, 1919.* Ry. Gaz. (London), Aug. 29, 1919. Pp. 2. Editorial analysis.
- Modern armies and modern transport.* Ry. Gaz. (London), Aug. 13, Sept. 12, 1919. Pp. 2, 3. Continuation of a series.
- The Plumb plan and the railways.* Rev. Revs., Sept., 1919. Pp. 4. An analysis and a criticism.
- What the strike is about.* Ry. Gaz. (London), Oct. 3, 1919. Pp. 1, 2. Railways side of British railway strike. The case stated.
- Will express merger be made permanent?* Express Gaz., Aug., 1919. Pp. 3. Author inclines to affirmative answer.
- The work of the Railway Executive Committee.* Ry. Gaz. (London), Sept. 26, 1919. Pp. 21. Extract from report of the War Cabinet for 1918.
- A year's working of China's railways.* Far East. Rev., Sept., 1919. Pp. 4. Statistics for 1917.

Commerce

(Abstracts by H. R. Tosdal)

- AMPHOUX, E. *Le marché cotonnier du Havre pendant la guerre.* Rev. d'Econ. Polit., May-June, 1919. A thorough examination of the cotton market of Havre during the war, taking up the free market during the first period of hostilities, the rise in price in the spring of 1917, the closing of the market and the later period of limitation and regulation of imports.
- BANKS, A. S. *Operation of the Grain Corporation.* Journ. Account., June, 1919. A brief account of the achievement of the U. S. Grain Corporation.
- BERNHARDT, J. *Government control of sugar during the war.* Quart. Journ. Econ., Aug., 1919. Concludes that the effect of war control of the Food Administration brought about an increase in the Cuban sugar crop, but none in the domestic beet sugar crop. The consumer did not pay an increased price for sugar in proportion to increased costs. Government control of sugar, therefore, is said to be a decided success.
- BOLINGER, J. *An American trade base in the Far East.* Econ. Wld., July 5, 1919. Pp. 2. Suggests the establishment of a trade base in the Far East, particularly at Manila.
- INGERSOLL, W. H. *Dissecting the consumer's \$.* Nat. Civic Fed. Rev., June 30, 1919. Popularly written article defending the small retailer as against the large coöperative associations.
- KIA, Y. T. *La chine nouvelle.* Le Monde Econ., June 14, 1919. A brief statistical survey of the natural resources of China with special reference to coal and iron, silk, and camphor.

- MARVIN, W. L. *Japan as a competitor.* Bull. Nat. Assoc. Wool Mfgs., July, 1919. A statistical study showing that Japan's woolen mills have become an important competitive factor in the world trade of the Orient.
- NOTZ, W. *The Webb law, its scope and operation.* Journ. Pol. Econ., July, 1919. A description of the application of the Webb law to American export business with examples of combinations formed under the law and discussion of its economic phases and foreign attitude toward the law.
- WYMAN, W. F. *How to select an exclusive export agent.* World's Markets, Aug., 1919. Contains practical advice upon the selection of exclusive export agents by a noted export manager.
- WYMAN, W. F. *The export agent.* World's Markets, July, 1919. Interesting and instructive classification of export agents defined as those "who act in any selling capacity for the exporter."
- Colgate's plan to maintain prices upheld by Supreme Court.* Printers' Ink, June 13, 1919. Pp. 117.
- National Free Zone Association is created.* Greater New York, July 7, 1919. Describes the formation of the National Free Zone Association comprising advocates of the establishment of free ports and free zones in the United States.
- The world's cotton market today.* Commerce Monthly, July, 1919. Description of the attempts of Japan and Great Britain to free themselves from dependence on American cotton.

Accounting

(Abstracts by Martin J. Shugrue)

- CAIRNS, W. *Depreciation and depletion in tax returns.* Journ. Account., Sept., 1919. Pp. 7. Discusses two aspects of shrinkage in value; first that which may be due to wear and tear, and second that which may result from exhaustion of mineral and other deposits. Points out to what extent these are allowable deductions in tax returns.
- CLADER, W. A. *Water utilities accounting.* Journ. Account., Aug., 1919. Pp. 14. A paper presented at the tri-state meeting of accountants of Delaware, Maryland, and Virginia at Baltimore, June 25, 1919.
- DOHR, J. L. *Some aspects of flour mill accounting.* Journ. Account., Sept., 1919. Pp. 19. Under the rulings of the United States Food Administration monthly financial and statistical reports were required under oath, the forms of the report being supplied by the Food Administration and requiring, in effect, a uniform system of profit and loss accounts on the part of flour millers.
- FARQUHAR, F. P. *Accounting for cost of naval vessels under cost-plus-profit contracts.* Journ. Account., Sept., 1919. Pp. 10. Considers such matters as: conditions under which contracts were operated, methods of cost inspection, accounting for materials, accounting for labor charges, interpretation of contracts, auditing and reports.

- KILDUFF, F. W. *Cost finding and keeping in power and service costs.* Journ. Account., June, 1919.
- McKAY, C. W. *Depreciation and federal income tax.* Indus. Manag., Aug., 1919. Pp. 5. Handles the vexing matters of depreciation in an engineering way, and in keeping with the general rulings of the Treasury Department. Illustrated with forms and depreciation tables.
- PINKERTON, C. W. *The cost accounting system of Construction Division, U. S. Army.* Engg. & Cont., May 21, 1919. Pp. 3.
- SHENTON, W. A. *Candy manufacturers' accounts.* Journ. Account., Sept., 1919. Pp. 7. Outlines the essential features in accounting for the business conducted by a class of candy manufacturers who produce a grade of hard candies formed in machine presses.
- UPSON, A. F. *Taxation of corporate income.* Pace Student, Oct., 1919. Pp. 3. A very substantial part of the present-day work of an accountant consists of the preparation of tax reports. Discusses some of the more important phases of corporate income taxes such as corporations on whom taxes are levied, penalty for failure to file a report, and amount of tax.
- WHITE, L. H. *Duties of a factory cost accountant.* Journ. Account., Sept., 1919. Pp. 7. A definite statement of the various duties of a factory cost accountant.
- BUREAU OF INTERNAL REVENUE. *Income tax unit organization chart.* Pace Student, Oct., 1919. Pp. 2. Chart was developed by group conferences of the executives of the Income Tax Unit. Careful study reveals many interesting facts in relation to the coördination and direction of the vastly important work of this division of the Treasury Department in which nearly one thousand accountants are engaged.

Public Utilities

(Abstracts by Charles S. Morgan)

- AINEY, W. D. B. *State the facts to the public.* Elec. Ry. Journ., Aug. 23, 1919. Pp. 5. Electric railways should subject themselves to a process of searching self-examination. Other able views on ways out of the present difficulties.
- ARMSTRONG, R. D. *The Connersville "sliding scale."* Nat. Munic. Rev., Oct., 1919. Pp. 5. Account of recent application by Public Service Commission of Indiana of sliding scale system to electric utility in Connersville, Indiana.
- BLAUVELT, W. S. *Application of the index number of commodity prices in adjustments of gas rates a way out of a vicious circle.* Am. Gas Engg. Journ., Oct. 11, 1919. Pp. 2. Would apply such a method to wages and payments on capital of public utility as well as to rates.
- BULLOCK, C. J. *The taxation of electric railways. Statement before Federal Electric Railway Commission.* Elec. Ry. Journ., July 26, 1919. Pp. 3. Aera, Aug., 1919. Pp. 5. Brief summary of kinds and amounts of taxes paid by electric railways with discussion of principles involved. Favors the "rule

of equality," the removal of special charges in excess of extra costs which occupation of streets entails, and relief from normal taxes only as last resort.

- CABOT, P. *Government operation of public utilities*. Elec. World, Aug. 16, 1919. Pp. 3. Strong appeal for such a control of the competition which still exists in public utility field, particularly in electric power business, as will postpone the seemingly inevitable stage in which all utilities will be subject to government operation.
- CASKIE, J. J. K. *The Philadelphia rapid transit plan*. Ann. Am. Acad., Sept., 1919. Pp. 5. Account of development and provisions of a system of local collective bargaining.
- CLARK, H. C. *Service at cost agreements*. II. Youngstown, Ohio. III. Cincinnati, Ohio. Aera, July, Sept., 1919. Pp. 9, 9. Further instalments in a series of detailed uniform analyses of local service-at-cost agreements.
- CULKINS, W. C. *Incentive to efficiency needed*. Elec. Ry. Journ., July 12, 1919. P. 1. Service-at-cost agreements faulty if they do not provide some special incentive for efforts to keep costs and fares down.
- EISENMENGER, H. C. *Central station rates in theory and practice*. Elec. Rev., weekly since July 5, 1919. A series of short articles, intended primarily for central-station men but of interest to economists. Treatment very detailed in places. Analysis of price, found in numbers for September 13-20, may interest mathematical economists.
- EMERY, J. A. *Statistics show railways' plight*. Elec. Ry. Journ., Aug. 23, 1919. Pp. 3. Increases in efficiency (about 13 per cent from 1902 to 1915) were able to absorb the small annual increase in costs up to 1915 but cannot meet the great increases in costs since 1915. Need for a "reasonable, scientific adjustment of fares to cost of service in each locality." Statistical charts and tables.
- ERICKSON, H. *Statement before Federal Electric Railway Commission*. Aera, Aug., 1919. Pp. 11. A general survey of utility, particularly electric railway, situation. Principles of public utility investments. Benefits of state regulation. Suggests the use of rates based on variations in costs as a flexible and ready means of rendering commission regulation effective.
- FRIDAY, D. *Changes in prices and just rates*. Pub. Service, Aug., 1919. Pp. 4. An argument for increased telephone rates based on statistical analysis of changes in material, labor, and capital costs and taxation and on larger incomes earned in other lines of business.
- HILL, J. B. *Principles determining electric utility rates*. Am. Munic., Sept., 1919. Pp. 4. Discussion along familiar lines of types of rates that will conduce to maximum use.
- JACKSON, W. *Testimony before Federal Electric Railway Commission*. Elec. Ry. Journ., Aug. 30, 1919. Pp. 5. Description of British and Australian zone fare system. Stimulation of traffic, particularly short-haul traffic, and adaptation to needs of public.

- JACKSON, W. *Will low fares help to cure high costs?* Nat. Munic. Rev., Oct., 1919. Pp. 4. Prominent electric railway man advocates lower fare for off-peak passengers and weekly commutation tickets in smaller cities as means of improving load factor and of increasing usefulness of electric railways to communities.
- JACKSON, W. *The zone fare in practice.* Elec. Ry. Journ., July 12, 26, Aug. 2, 9, Sept. 6, 1919. Pp. 5, 3, 5, 6, 8. Further articles on zone fare system in a selected list of British cities. Technical.
- JOHNSON, W. F. *The fate of the five-cent fare.* V. Toledo. Nat. Munic. Rev., Oct., 1919. Pp. 4. Brief account of Toledo situation in which a company which has operated for five years without a franchise and has been threatened with an ouster has presented a form of service-at-cost franchise as a solution of the local transit problem.
- KENDALL, R. *What's ahead of the trolley?* Nation's Business, Sept., 1919. Pp. 3. Convenient popular sketch of electric railway situation, based largely on hearings of Federal Electric Railway Commission.
- LOCKE, W. M. *The self-propelled street car.* Am. Munic., July, 1919. Pp. 3. Short account of some of the advantages of trackless street cars and of experience with them.
- MACLEOD, F. J. *Statement before Federal Electric Railway Commission.* Aera, Aug., 1919. Pp. 5. Able discussion by chairman of Massachusetts Public Service Commission of Massachusetts situation. Overproduction of facilities and deferred maintenance as special causes of difficulties. Advocates use of subsidies, where necessary, and thinks public ownership necessary to restore railways' credit. Public service and not profit must from now on be the fundamental consideration in the operation of electric railways.
- McKAY, C. W. *Electric utility valuation and rates.* Elec. Rev., Aug. 9, Sept. 13, 1919. Pp. 5, 5. Continuation of series of twelve simple, practical articles.
- PERKINS, R. W. *State subsidies for the street railway companies.* Elec. Ry. Journ., Sept. 27, 1919. Pp. 2. Argument for state protection of electric railways through an indirect subsidy in the form of public ownership of right of way. Advantages of private operation not lost in this manner.
- STORRS, L. S. *Testimony before Federal Electric Railway Commission.* Aera, Aug., 1919. Pp. 8. Extension of lines, the free transfer system, improved character of track and equipment held to have increased value of service rendered while at the same time taxation, automobile competition, and inflexible fare system have limited remuneration.
- TAFT, W. H. *The street railway situation.* Aera, July, 1919. Pp. 6. Extracts from testimony before Federal Electric Railway Commission giving his views on electric railway situation. Conservative.
- WEBSTER, G. N. *Theoretical depreciation, a menace to the public and the investor.* Nat. Elec. Light Assoc. Bull., June, 1919. Pp. 14. Argument that deduction of "accrued" or "theoretical" depreciation is tantamount to confiscation of property unless earnings have been excessive. Value of service

rendered, not age of property, the determining factor. A problem for economists, not for engineers or accountants.

WELSH, J. W. *Data of the industry.* Elec. Ry. Journ., July 26, 1919. Pp. 4. A series of tables and figures presented to the Federal Electric Railway Commission showing for various periods the financial and physical conditions of the industry.

WILCOX, D. F. *Experimental zone fare for New Jersey street railways.* Am. City, Sept., 1919. Pp. 3.

WILCOX, D. F. *Principles of efficient management in the operation of municipal utilities.* Minn. Munic., Oct., 1919. Pp. 9. Importance of expert management stressed. Labor should be given right of collective bargaining to obtain redress of grievances but should be denied right to strike.

WILES, G. R. C. *Vital principles underlying utility rate making.* Gas Age, Aug. 1, 1919. Pp. 3. Principles involved in determining fair value and fair rate of return.

Cleveland rapid transit report. Elec. Ry. Journ., July 12, 1919. Pp. 4. Careful study of Cleveland traffic conditions with conclusion that rapid transit construction should come as needed, though planned in advance, and that at present surface car subways in congested downtown districts will suffice. Diagrams.

Confiscatory rate regulation under the fourteenth amendment. Columbia Law Rev., Apr., 1919. Pp. 4. Legalistic discussion of United States Supreme Court decision in *Detroit United Railway Co. v. Detroit* case in which court held that city's allowing company to operate after expiration of franchise was tantamount to an implied franchise under which company is entitled to a fair return. Frequent citation of cases.

Efficient management entitled to liberal profit. Gas Age, Aug. 1, 1919. Pp. 2. Statement by attorney-general of Illinois of necessity for examination of efficiency of management in determination of rates, with citation of cases in Illinois and other states.

Federal commission questionnaire. Elec. Ry. Journ., Sept. 20, 1919. Pp. 3. List of 168 questions asked of all electric railway companies by Federal Electric Railway Commission.

Hearings of Federal Electric Railway Commission. Formal presentation of case by utilities. Elec. Ry. Journ., July 26, Aug. 2, 9. Pp. 12, 12, 2. Service-at-cost, indeterminate franchise, strengthened regulation, relief from tax burden with blanket increases in flat fares as a temporary relief measure, advocated. Further experimentation with zone fare system and one-man car recommended. The same subject is dealt with in a *Formal presentation of case by representatives of public.* (Elec. Ry. Journ., Aug. 16, 23. Pp. 11, 11.) Views of Secretary Baker, Roger Babson, D. F. Wilcox, Lewis Nixon, and several utility commissioners. Discussion of merits of zone fare system, of automobile competition, of municipal ownership, and subsidies, wage regulation and labor representation. Municipal ownership of roadbed advocated by Col. Kutz of District of Columbia Public Utilities

Commission. Hearings to date represent a great variety of views with but little agreement on many points and show that there is no single solution of the electric railway problem. (See also abstracts of important presentations of testimony under individual authors' names above.)

Report of committee on the sale of company securities to customers and resident citizens. Nat. Elec. Light Assoc. Bull., June, 1919. Pp. 4. Advantages of customer ownership of utility securities as a means of combining good features of private and public ownership, with discussion of what has been and can be done along this line.

Report of committee on valuation of American Electric Railway Association. Elec. Ry. Journ., Aug. 2, 1919. Pp. 3. Aera, Sept., 1919. Pp. 4. Declaration of principles which should be observed in determining "fair value." Cost of reproduction new at current prices without deduction for accrued depreciation (in case of well managed properties) plus direct and indirect overhead charges, advocated as proper basis.

Report of tramway adjustment committee of Denver. Aera, July, 1919. Pp. 14. Recommends adoption of service-at-cost agreement along advanced lines. Details of plan and discussion of other possible remedies given. Of general interest.

Who controls West Virginia gas? Gas Record, Aug. 27, 1919. P. 1. Brief statement of issues involved in West Virginia's determined attempt to prevent the unlimited exportation of natural gas from the state and to give preference to domestic, as against industrial, users.

Zone fares. Elec. Ry. Journ., Sept. 27, 1919. Pp. 35. Articles on zone fare system as practiced in a number of American cities (Milwaukee, Portland, Me., Springfield, Mass.) and on Public Service Railway of New Jersey.

Labor and Labor Organizations

(Abstracts by George E. Barnett)

ABORN, W. G. and SHAFER, W. L. *Representative shop committees.* Indus. Manag., July, 1919. Pp. 4. Describes the Bridgeport plan.

BASSETT, W. R. *Developing pride and interest in the job.* Factory, Apr., 1919. Pp. 20.

BING, A. M. *The work of the wage-adjustment boards.* Journ. Pol. Econ., June, 1919. Pp. 34. The constitution, jurisdiction, and history of the war boards.

BRISSENDEN, P. F. *Labor turnover among employees of a California copper mining and smelting company.* Mo. Lab. Rev., May, 1919. Pp. 22.

BURKHARDT, P. L. *Fallacy of employees' profit-sharing.* Indus. Manag., July, 1919. Pp. 4.

COLE, G. D. H. *Women in British industry.* Dial, July 26, 1919. Pp. 3. Approves the minority (Mrs. Webb's) report of the Cabinet Committee.

CONYNGTON, M. *Alliance of miners, railway men, and transport workers in*

Great Britain. Mo. Lab. Rev., June, 1919. Pp. 9. History of the alliance to March 21, 1919.

DOUGLAS, P. H. *A definition of "conditions of labor."* Quart. Journ. Econ., Aug., 1919. Pp. 5.

DOUGLAS, P. H. *Plant administration of labor.* Journ. Pol. Econ., July, 1919. Pp. 17. Discusses the advances made during the war and the present position of employment management.

EMMET, B. *New trade agreement in the dress and waist industry of New York City.* Mo. Lab. Rev., June, 1919. Pp. 17.

FITCH, J. A. *The convention of the American Federation of Labor.* Survey, July 5, 1919. Pp. 5.

FRASCHETTI, V. *Il progetto Meda sulla riforma tributaria e le coöperative di produzione e lavoro.* Boll. dell' Ufficio Munic. del Lavoro (Rome), Apr., 1919. Pp. 2. The living and working conditions of hotel employees in Italy, as shown in a recent investigation.

GLEASON, A. *The stirrup of youth.* Survey, Aug. 2, 1919. Pp. 12. The proceedings of the 1919 conference of the British Labour Party.

KELLY, R. W. *Dangers in rating employees.* Indus. Manag., July, 1919. Pp. 7.

KNAUTH, O. W. *Can real wages be raised?* Dial, Sept. 6, 1919. Pp. 4. The national income is sufficient to permit a substantial increase.

KUNHARDT, G. E. *Lawrence—A manufacturer's view.* Bull. Nat. Assoc. Wool Mfrs., July, 1919. Pp. 12.

MITCHELL, B. *The end of child labor.* Survey, Aug. 23, 1919. Pp. 6. The evolution of the Southern cotton industry naturally ends child labor.

MORTENSEN, C. E. *Wages of women and miners in the mercantile industry in the District of Columbia.* Mo. Lab. Rev., June, 1919. Pp. 14. The results of a survey made in March, 1919.

PRICE, C. M. *Factory inspection and factory inspectors.* Journ. Indus. Hygiene, Aug., 1919. Pp. 13. A forceful argument for better trained inspectors.

ROBINSON, G. *Trade unionism and the control of industry.* Dial, July 12, 1919. Pp. 4. Discusses the new forms of organization necessary for the control of industry by labor.

DE SAINT CROIX, A. *Le travail des femmes et le demi-temps.* Le Musée Soc., June 1, 1919. Pp. 9. Report on the results of half-time employment of women in certain factories in the United States.

SQUIRES, B. M. *Waterside workers in the United Kingdom.* Mo. Lab. Rev., June, 1919. Pp. 19. Describes the decasualization schemes applied in these trades.

STEWART, B. M. *The employment service of Canada.* Bull. Dept. Hist. & Pol. Econ. Sci. in Queen's Univ., July, 1919. Pp. 25. History, organization and methods.

- STODDARD, W. L. *How far should shop committees go?* Indus. Manag., Aug., 1919.
- STODDARD, W. L. *The shop committee—some implications.* Dial, July 12, 1919.
Pp. 2. The shop committee is not inconsistent with unionism.
- SULLIVAN, J. W. *The labor situation abroad following the war.* Nat. Civic Fed. Rev., Aug. 30, 1919. Pp. 8. Deals only with England.
- WAGGAMAN, M. T. *Growth of trade-unionism among British women during the war.* Mo. Lab. Rev., June, 1919. Pp. 5.
- WHITNEY, E. L. *Strikes and lockouts in the United States, 1916, 1917, and 1918.* Mo. Lab. Rev., June, 1919. Pp. 18.
- WOLF, D. *Successful industrial democracy.* Indus. Manag., July, 1919.
- WOLL, M. *American labor in convention.* Am. Fed., July, 1919. Pp. 22.
Summary of the proceedings of the 1919 convention of the A. F. of L.
- An unnecessary and futile strike.* Bull. Nat. Assoc. Wool Mfrs., July, 1919.
Pp. 14. The history of the Lawrence strike of 1919.
- Bridgeport plan of organization for collective bargaining committees.* Mo. Lab. Rev., May, 1919. Pp. 9.
- The causes of the Winnipeg strike.* New statesman, July 26, 1919. Pp. 2.
An interesting analysis by a resident of Winnipeg.
- The coal reports.* New Statesman, June 28, 1919. Pp. 2. The arguments for nationalization of coal apply with equal force to other industries.
- Coal commission reports.* Lab. Gaz. (London), July, 1919. Pp. 5. Abstracts, with texts of the important sections.
- English working women during the war and after.* Mo. Lab. Rev., May, 1919. Pp. 7.
- Fundamentals of wage payment.* Ry. Mech. Engr., June, 1919. The different systems of labor compensation including piece work, bonus systems, and straight time basis.
- Hours, wages, and the industrial conference.* New Statesman, June 21, 1919.
Pp. 2. The maximum hours and minimum wages bills represent the first instalments of great industrial reforms.
- List of labor papers and journals and other periodicals featuring labor matters received currently in the Department of Labor Library.* Mo. Lab. Rev., June, 1919. Pp. 21.
- Lowering costs with bonuses.* Bus. Digest & Invest. Weekly, Aug. 19, 1919.
Pp. 3. Bonus systems for truck drivers.
- Report of the Commission on International Labor Legislation to the Peace Conference.* Mo. Lab. Rev., May, 1919. Pp. 26.
- L'application de la loi sur la journée de huit heures.* L'Econ. Franç., June 7, 1919. Pp. 2. A pessimistic view of the effects of the new eight hour law.

Money, Prices, Credit, and Banking

(Abstracts by C. A. Phillips)

- ALEXANDER, J. S. *When Europe buys on credit*. Comm. Mo., Aug., 1919. Pp. 6. Recommends rationing our exports among the nations requiring them according to their needs. The sale of secured debentures through a centralized credit organization would protect us against unsafe foreign investments.
- BRADFORD, E. A. *An international gold clearance fund to settle balances*. Analyst, Aug. 11, 1919. Pp. 2.
- DAVIDSON, D. *Sveriges Riksbank 1668-1918*. Ek. Tids., No. 5, 1919. Pp. 30. This first instalment summarizes Prof. Brisman's history of the Swedish National Bank down to 1718, which is the first part of the history of this bank's activities during the last 250 years.
- DELAMOTTE, G. *Le mouvement des prix avant et depuis la guerre*. Journ. des Econ., July 15, 1919. Pp. 9.
- DEL VECCHIO, G. *Oro ed argento in relazione con gli odierni problemi monetarii*. Giorn. d. Econ., July, 1919. Pp. 6.
- FISHER, I. *High price level will stay*. Mag. of Wall St., Aug. 2, 1919. Pp. 3. Prices will remain high for many years chiefly because of (1) the availability of war bonds as bases for credit expansion and (2) "many unused reefs" in our banking system sure to be taken out when business desires to spread more sail.
- GARDIN, J. E. *Problems on international finance and adjustment of exchanges*. Trust Companies, June, 1919. Pp. 5. The factors now affecting foreign exchange.
- JENNINGS, I. G. *A new constructive program for trust companies*. Trust Companies, June, 1919. Pp. 5. Urges trust companies to take collective action looking toward the full occupation of their field of service.
- L. P. *Monnai, banque, change*. L'Europe Nouvelle, June 14, 1919. Pp. 2. Current condition of central banks of ten leading countries.
- MESTON, J. *India's currency and exchange*. Wealth of India, May, 1919. Pp. 3. The way in which the suspension of specie payments was avoided through purchases of silver from United States.
- MILLER, A. C. *After-war adjustments: the present price outlook*. Trust Companies, June, 1919. Pp. 6. The trend of prices for the next year is likely to be highly fluctuating but downward.
- MINTY, L. M. *The task before the German banks in restoring German credit*. Scottish Bank. Mag., July, 1919. Pp. 9. The immediate recovery of the discount market depends largely on how soon the Imperial Government is able to fund its floating debt.
- MONDAINI, G. *Il problema del credito nelle colonie italiane*. Riv. Soc. Comm., May, 1919. Pp. 19.

- MOURRE, C. *Les causes de la hausse des prix*. Rev. d'Econ. Pol., May-June, 1919. Pp. 10. Inflation was a cause of the wartime rise in prices, but inflation was necessary.
- MOURRE, C. *L'orientation du marché de la Bourse des valeurs et du marché commercial en France et aux Etats-Unis*. Réf. Soc., June, 1919. Pp. 7.
- PEEDE, L. G. *America's world-wide banking facilities*. World's Markets, Aug., 1919. Pp. 4. Forms of organization employed by American banking interests in extending their foreign service.
- PETERS, E. T. *On stabilizing the dollar*. Quart. Journ. Econ., Aug., 1919. Pp. 19. The stabilized dollar would fall short of invariably satisfying the requirements of justice.
- POLIER, L. *Le privilège de la banque de l'Indo-Chine*. L'Europe Nouvelle, June 14, 1919. Pp. 3. The condition and services of the bank.
- PUPIN, R. *L'épargne française et ses placements dans la période d'avant guerre. Définitions et statistiques*. Journ. de Soc. Stat. de Paris, July, 1919. Pp. 7.
- SCHMUCKLER, J. H. *Real meaning of exchange discounts*. Mag. of Wall St., Sept. 13, 1919. Pp. 5. The course of the exchanges since 1914; correction may be effected through the purchase of foreign securities by American investors.
- VERGEOT, J. *Le papier-monnaie en Turquie pendant la guerre*. Rev. d'Econ. Pol., May-June, 1919. Pp. 2.
- VIRTUE, G. O. *Another reason why war prices are high prices*. Quart. Journ. Econ., Aug., 1919. Pp. 5. The withdrawal by the government of large quantities of goods from the regular channels of trade has been tantamount in its effect on the price level to a reduction in the amount of goods.
- VISWANATHAN, K. P. *The proposed currency committee*. Wealth of India, June, 1919. Pp. 3. The personnel and problems of the committee appointed to deal with the crippled gold exchange standard.
- WATKINS, M. W. *Commercial banking and capital foundation*. Journ. Pol. Econ., July, 1919. Pp. 27. Controversy chiefly on the relation of consumption to production.
- WICKSELL, K. *Ett Angrep paa kvantitetsteorien*. Ek. Tids., No. 3, 1919. Pp. 6. A criticism of B. M. Anderson Jr.'s attack on the quantity theory of money in his book *The Value of Money*.
- WICKSELL, K. *Växelkursernas gaata*. Ek. Tids., No. 4, 1919. Pp. 16. Discusses interesting problems connected with foreign exchange particularly in the light of Scandinavian wartime experience.
- WILLS, D. C. *Dangers to be avoided in trade acceptance practice*. Econ. Wld., July 26, 1919. Pp. 3.
- Le crédit à l'exportation: une banque nouvelle*. L'Econ. Franç., June 28, 1919. Pp. 3. A projected bank, subsidized by the state, would serve to promote the foreign trade of France.

Erratic exchange heads foreign trade towards chaos. *Annalist*, July 28, 1919. Pp. 2.

Growth of profit-sharing principle among banks and trust companies. Description of plans in operation. *Trust Companies*, Aug., 1919. Pp. 5.

Progress of banking in Great Britain and Ireland in 1918. *Bank. Mag.* (London), July, 1919. Pp. 16. The proprietors' stake in the total resources of the banks of the United Kingdom has not kept pace with the inflation of deposits due to the influence of war finance.

Views of the Federal Reserve Board concerning legislation for the deflation of the country's currency. *Econ. Wld.*, Aug. 16, 1919. Pp. 3. Contends that the unsecured volume of federal reserve notes in circulation is the result of rising wages and prices and not their cause.

Why state banks joined the reserve system and what they think of it. *Journ. Am. Bank. Assoc.*, Aug., 1919. Pp. 6. Expressions of general satisfaction with system qualified by minor complaints. Statement by Pierre Jay defending the federal reserve policy of paying no interest on deposits of member banks.

Public Finance

(Abstracts by Charles P. Huse)

BRADFORD, E. A. *Much reform needed in our budget reform plans.* *Annalist*, July, 14, 1919. P. 1. Plans fail to fix responsibility.

BARRIOL, A. and BROCHU, E. *L'emprunt municipal de la ville de Paris en 1919.* *Journ. des Econ.*, July 15, 1919. Pp. 11. Computes the rate of return and the chances of allowing the various prizes in the great Paris loan.

BROWN, H. G. *An oversight in the theory of incidence.* *Quart. Journ. Econ.*, Aug., 1919. Pp. 3. A criticism of a statement found in Seligman's *The Shifting and Incidence of Taxation*.

BUCK, A. E. *The present status of the executive budget in the state government.* *Nat. Munic. Rev.*, Aug., 1919. Pp. 20. A review of the situation in the various states shows progress.

BULLOCK, C. J. *Taxation of electric railways.* *Aera*, Aug., 1919. Pp. 6. The methods of taxing electric railways, the theories on which these methods are based, and the reasons for taxing them on the same basis as other businesses.

CHAMBERLAIN, J. P. *American budgetary reform.* *The Nation*, June 21, 1919. Based on a national budget system; describes the Good bill to establish a budget, now before Congress.

CHAMBERS, J. S. *Finances of the state government.* *Calif. Taxpayers' Journ.*, July-Aug., 1919. Pp. 5. An analysis of California's finances by the state controller.

DOUCET, R. *Budgets et impôts de demain.* *Le Monde Econ.*, June 7, 1919. Pp. 4. Deplores the continuance of high expenditures and high taxes in the French budget.

- EDGEWORTH, F. Y. *La leva sul capitale par il riscatto del debito pubblico*. Rif. Soc., May-June, 1919. Pp. 24.
- FERNs, J. H. *The single tax in theory and in practice*. Econ. Wld., July 12, 1919. Pp. 4. Recent developments show that the single tax is losing ground in Western Canada.
- GERLING, K. *Der Gemeinde Kriegshaushalt und seine Formelle und Materielle Ordnung*. Finanz-Archiv, no. II, 1916. Pp. 12. Describes the different burdens which the war has imposed on the local governments of Germany.
- GRILLI, C. *La questione economica della donna*. Riv. Intern., Apr., 1919. Pp. 10.
- HERLT, G. *Die Einfuhrung der Goldwahrung in der Turkei*. Finanz-Archiv, no. II, 1916. Pp. 6. Traces the transition in Turkey to a gold standard.
- JÉZE, G. *Les finances de guerre de l'Angleterre*. Rev. Sci. Légis. Finan., Apr.-May-June, 1919. Pp. 57. Deals with the proposals for meeting England's war obligations.
- JÉZE, G. *L'impôt extraordinaire sur le capital comme moyen de liquider les charges financières de la guerre*. Rev. Sci. Légis. Finan., Apr.-May-June, 1919. Pp. 43. Examines the arguments for and against the capital levy as a means of paying war debts.
- JÉZE, G. *Les finances de guerre de la France*. Rev. Sci. Légis. Finan., Apr.-May-June, 1919. Pp. 47. The Bank of France has apparently forced the government to cease meeting its obligations by further issues of paper money.
- LIESSE, A. *Le budget des dépenses civiles: à la recherche d'un équilibre; les nouveaux impôts*. L'Econ., Franç., July 3, 1919. Pp. 3. Outlines the new French budget and discusses the financial future of the nation.
- LIESSE, A. *La consolidation de notre dette flottante; les questions d'emprunts*. L'Econ. Franç., Aug. 2, 1919. Pp. 4. A strong plea for the funding of the French floating debt; the internal debt by a new issue to the French people, and the external by placing a loan in New York.
- LIESSE, A. *Les impôts nouveaux: la taxe sur les accroissements de fortune et l'impôt général sur les revenus*. L'Econ. Franç., July 12, 1919. Pp. 3. Believes that the proposed tax on increases in individual fortunes will be very difficult to administer.
- MILLS, A. L. *Financing state enterprises*. Commonwealth Rev. of Univ. of Oregon, Apr., 1919. Pp. 9. Draws sound financial principles from Oregon's experience.
- NEUBRAND. *Die Belastung mit direkten Staatssteuern in Preussen, Bayern, Sachsen, Württemberg und Baden*. Finanz-Archiv, no. II, 1916. Pp. 19. A comparative study of income and other direct taxes in these states.
- NINA, L. *L'imposta sui profitti di guerra*. Giorn. d. Econ., May, 1919. Pp. 16.
- PURDY, L. *The assessment of real estate*. Nat. Munic. Rev., Sept., 1919. Pp. 15. Gives useful rules for the guidance of assessors.

- RADEMAKER, F. *Kriegsanleihen*. Finanz-Archiv, no. II, 1916. Pp. 28. Lays down principles for the raising of war loans, discussing the internal and external loans, the mobilization of bank credit, and the compulsory loan.
- ROBINS, K. N. *Evils of tax exemption as applied to securities*. Trust Companies, Aug., 1919. Pp. 5. Finds the practice costly and unjust.
- SURET, L. *La question des credits et les impôts nouveaux*. L'Europe Nouvelle, July 5, 1919. Pp. 2. A brief analysis of the new budget.
- SURET, L. *Réparations et clauses financières*. L'Europe Nouvelle, June 21, 1919. Pp. 4. Discusses the reparation clauses in the peace treaty and Germany's counter propositions.
- VAN DE BORGH, R. *Die deutschen Kriegsteuer Gesetze von 1916*. Finanz-Archiv, no. II, 1916. Pp. 55. A critical discussion of the law, with appended text.
- WEISS-BARTENSTEIN, W. K. *Finanzpolitik und Finanzwesen Bulgariens*. Finanz-Archiv, no. II, 1916. Pp. 94. A study of Bulgaria's financial history leads to the conclusion that, in spite of her heavy debt, a careful management of her resources may enable her to meet her obligations.
- WILLIAMS, W. M. J. *Notes complementaires concernant les finances publiques de la Grande-Bretagne (1919-1920)*. Journ. des Econ., July 15, 1919. Pp. 11. Budget does not show the economies which the public is demanding.
- WILLOUGHBY, W. F. *The Good national budget bill (with text of bill)*. Nat. Munic. Rev., July, 1919. An explanation of the bill.
- ZIMMERMANN, F. W. R. *Der Ausgleichsfonds nach grundsätzlicher und tatsächlicher Bildung*. Finanz-Archiv, no. II, 1916. Pp. 98. Points out the advantages of the equalization fund, which keeps the surpluses of good years for use in bad years.
- Fear budget system may conceal a presidential club*. Annalist, July 7, 1919. Pp. 2. Congress shows great opposition to the adaptation of the British system.
- State taxation of national banks holding stock in other banks*. Banking Law Journ., Vol. 36, no. 4. Pp. 268.
- A summary of the inheritance tax law of the state of New York as amended in 1919*. Econ. Wld., July 26, 1919. Pp. 2.
- Taxation of car companies doing interstate commerce*. Yale Law Journ., June, 1919. Pp. 4. Discusses various methods used.

Insurance and Pensions

(Abstracts by Henry J. Harris)

- ADAMS, J. *Notes about state insurance in Queensland, Australia*. Econ. Wld., July 12, 19, 26, 1919. Pp. 2, 2, 2. Resumé of first year's operations under the insurance act of 1916. The insurance includes workmen's compensation, fire, life, and annuity.

- BARRET, R. S. *Marine insurance in Argentina*. Econ. Wld., Sept. 6, 1919. Pp. 3. General summary with tables of business written 1913-1918.
- FAY, R. E. *Public liability insurance: its theory, forms, and practice*. Econ. Wld., June 28, 1919. Pp. 4. This instalment of the series of articles includes owners, landlords and tenants, liability insurance.
- FRANKEL, L. K. *Sickness costs and the family budget*. Modern Medicine, July, 1919. Pp. 4. The expenditure for medical service in several income groups, up to \$2500, averages 3 to 5 per cent.
- FRINCKE, M. C. *What the term "medical service" in workmen's compensation laws includes*. Mo. Lab. Rev., July, 1919. Pp. 18. Amount, period of service, etc., as administered by the compensation boards of the states.
- HARVEY, L. A. *The greatest business in the world*. Pan Am. Mag., June, 1919. Describes marine business of Lloyds, London.
- HOOKESTADT, C. *Medical benefits and the medical profession under workmen's compensation laws*. Mo. Lab. Rev., May, 1919. Pp. 22. Discussion of the provisions of the laws.
- MICHELBAEHR, G. F. *Casualty insurance for automobile owners*. Econ. Wld., June 28, 1919. Pp. 3. The basis for making rates and samples of premiums.
- STUDENSKY, P. *Broadening the scope of pensions in private industry*. 'New Jersey,' May, 1919. Pp. 5. Such pensions should be on a sound actuarial and an equitable basis.
- TUCKER, F. P. *Regulation of fire insurance needed*. State Service, Aug., 1919. Pp. 7. Advocates bill introduced in New York legislature for regulation of fire rates.
- WALKER, N. J. *Mothers' pensions in relation to juvenile delinquency*. Nat. Humane Rev., Jan., 1919. Pp. 3. Very few children of pensioned widows are brought before the courts of New York state.
- WALL, A. E. *The conflict of ideals left still unsettled by the victory over the Germans*. Econ. Wld., July 12, 1919. Pp. 3. Writer opposes government activity in all forms of insurance.
- WARREN, B. S. and SYDENSTRICKER, E. *Health insurance, the medical profession and the public health*. U. S. Pub. Health Repts., Apr. 18, 1919. Pp. 14. Estimates the average loss of time from sickness at 8 to 9 days annually per insured person. Gives outline of desirable organization of medical service in a state health insurance system.
- American fire insurance abroad*. Econ. Wld., July 5, 1919. Pp. 2. American companies now have an opportunity to compete with the British, who have the greater part of the foreign business.
- British insurance against bad debts abroad*. Commerce Repts., Oct. 2, 1919. Pp. 4. The British Trade Corporation has created a subsidiary to carry this insurance. Policies cover payment of commercial debts, certain losses, etc.

Government war insurance. Preliminary statement of results. Bd. of Trade Journ., Apr. 10, 1919. Pp. 5. Abstract of White paper (Cmd. 98) giving results of government marine, bombardment, etc., insurance. Article reprinted in *Daily Commerce Reports* of May 6, 1919.

Health insurance bill as developed from "tentative drafts." Am. Lab. Legis. Rev., June, 1919. Pp. 16. Text of the bill worked out by the committee of the New York state legislature and as passed by the senate.

Health insurance bill passes New York senate. Am. Lab. Legis. Rev., June, 1919. Pp. 12. Attitude of various interests on the bill.

Investments of insurance companies. Am. Underwriter, June, 1919. Pp. 6. Recent investments in liberty bonds have prevented larger investments in building loans.

A sound policy for municipal pensions. 'New Jersey,' May, 1919. Pp. 24. Report by Mr. Paul Studensky on the fundamentals of pensions and statement of plans for police, firemen, etc.

State health insurance in the United States. Labour Gaz. (Canada), June, 1919. Pp. 2.

Pauperism, Charities, and Relief Measures

(Abstracts by George B. Mangold)

CRANE, R. N. *Infant welfare legislation.* Journ. Comp. Legis., Apr., 1919. Discusses legislation in the British Dominion and the United States in respect to bastardy laws and mothers' pensions. The Norwegian law of 1915 pertaining to illegitimacy is briefly summarized. Mentions a number of states having eugenic marriage laws and comments on the new Wisconsin law. Follows the growth of sterilization laws and registers approval of the plan.

MALLET, C. E. *The C. O. S.: its history and its aims.* Charity Organ. Rev., May, 1919. The Charity Organization Society has existed for fifty years. Its aims are broadening, but it must continue to wage war against unwise methods of relief, against the acceptance of a great mass of poverty as a permanent condition. It must insist on thorough investigation, coöperative effort, the upbuilding of character, and on constructive treatment of applicants for relief.

PRICE, E. C. *Voting charities.* Charity Organ. Rev., July, 1919. Gives an account of methods in former days when the benefits of a charity were partly dependent on the suffrages of the general body of subscribers and when men were asked to contribute with the virtual promise that some dependent in whom they were interested would be pensioned. The system has been greatly modified, but still exists and is used by certain agencies. The writer looks hopefully for the abolition of this evil.

Statistics

BLANCHARD, R. H. *Work of the Statistics Branch, United States Army.* Proc. Casualty Actuarial & Stat. Soc., May 23, 1919.

- BOLDREINI, M. *I figli di guerra*. Giorn. d. Econ., June, 1919. Pp. 10. A statistical examination of the fecundity of the soldier population.
- BOWLEY, A. L. *The measurement of changes in the cost of living*. Journ. Royal Stat. Soc., May, 1919.
- DUBLIN, L. I. and KOPF, E. W. *Some consideration in vital statistics education*. Quart. Pubs. Am. Stat. Assoc., Sept., 1919.
- GINI, C. *Sulle valutazioni della ricchezza nazionale*. Giorn. d. Econ., July, 1919. Pp. 29. An examination of the various elements properly to be included in an estimate of national wealth.
- HOFFMAN, F. L. *Problems in connection with the improvement of the tuberculosis situation in the United States*. Econ. Wld., July 19, 1919.
- KIAER, A. N. *An attempt at a statistical determination of the birthrate in the United States*. Quart. Pubs. Am. Stat. Assoc., Sept., 1919.
- OGBURN, W. F. *A study of food costs in various cities*. Mo. Lab. Rev., Aug., 1919.
- OGBURN, W. F. *A study of rents in various cities*. Mo. Lab. Rev., Sept., 1919.
- POLYA, G. *Anschauliche und elementare Darstellung der Lexisschen Dispersions-theorie*. Zeitschr. f. Schweiz. Stat. u. Volkswirts., Heft 2, 1919.
- WESTERGAARD, H. A. N. *Kiaer*. Nat. øk. Tids., May-June, 1919. Pp. 4. An appreciation of the well known Norwegian statistician who died in Kristiania April 15 of this year.
- Process-verbal de la séance du 21 Mai 1919*. Journ. Soc. Stat. de Paris, June, 1919.

NOTES

The annual meeting of the American Economic Association will be held in Chicago, December 29-31, headquarters being at Hotel LaSalle. On Monday, December 29, in a joint meeting with the American Association of University Instructors in Accounting, there will be a discussion on "The meaning of invested capital." At the afternoon session papers are to be read on "The effect on international trade of Germany's indemnity payments," by F. W. Taussig and "Our foreign investment policy," by H. C. Adams. In the evening H. B. Gardner of the American Economic Association and F. W. Blackmar of the American Sociological Society will deliver presidential addresses; this meeting being followed by a smoker. At the evening session on Tuesday, papers will be presented by W. C. Mitchell on "Prices and reconstruction" and H. G. Moulton on "The price question and banking policy." In the afternoon the subject for discussion is "Employees' participation in management," with a paper by Royal Meeker. At a joint meeting with the American Association for Labor Legislation in the evening the topic for consideration is "International control of labor." On Wednesday, round tables are to be held on "The policy of government with reference to competition, coöperation, monopoly, and the issue of securities"; "Immigration and immigration problems"; "Teaching of economics"; and "Is large-scale and centralized organization of marketing in the interest of the public?" A paper will also be presented by T. N. Carver on "A balanced economic system"; and one session will be devoted to "The railway problem," at which Glenn E. Plumb will discuss the plan associated with his name. Other associations holding their annual meeting at the same time are: American Sociological Society, American Statistical Association, American Association for Labor Legislation, American Association for Agricultural Legislature, and American Association of University Instructors in Accounting.

Since August 1 the following names have been added to the membership of the American Economic Association:

Bliven, George F., 184 Bowen St., Providence, R. I.
Brown, Landone, Bragaw, Sunnyside, Long Island, N. Y.
Bullard, A. W., 2921 Pine Grove Ave., Chicago, Ill.
Chao, C. K., 30 N. Szechuen Road, Shanghai, China.
Dahl, Gerhard M., 57 Broadway, New York City.
Hart, William A., 470 Fourth Ave., New York City.
Kagan, Leo B., 3142 17th St. N. W., Washington, D. C.

Krech, Alvin W., Equitable Trust Co., 37 Wall St., New York City.
Norton, A. L., 30 East 55th St., New York City.
Porter, E. H., 122 State St., Albany, N. Y.
Prescott, Raymond B., Detroit, Mich.
Stowell, Charles J., 2310 Clifton Ave., St. Louis, Mo.
Tavener, George W., Jr., 1120 Avery St., Parksburg, W. Va.
Turner, Wallace M., 1482 Beacon St., Brookline, Mass.
Zangerle, John A., Cleveland, Ohio.

Conditions defining the A. E. Karelson prize offered by the American Economic Association have been defined as follows:

Subject. "What can a man afford?"

Question as formulated: What portions of their incomes can those in various financial circumstances "afford," and ought they to devote to philanthropic purposes, that is, to other than personal and family uses (including saving)?

Object of the Contest. In the donor's letter suggesting the contest the purpose in view was outlined as follows:

In my limited experience in soliciting contributions for altruistic purposes, I have frequently been met, as many others have been met, with the statement: "I am giving all I can afford," and it has seemed to me that if some answer could be found to the question, What can a man afford? great good would be accomplished, as most men desire to do their duty. I fully realize that the answer must be elastic and that the maximum each must, to a large extent, decide for himself; but there must be some minimum below which no man should dare go.

It seems to me that a nation-wide discussion of this subject would do untold good and would possibly bring forth an answer that no one has yet conceived of.

Prizes. A first prize of \$1,000 and a second prize of \$500 are offered for the most meritorious papers.

Other Conditions. Any American citizen is eligible to compete. The essays are to be submitted in typewritten form on or before October 1, 1920, to the Secretary of the American Economic Association, Ithaca, N. Y. Each is to be signed only with a pseudonym, which should be written also on a sealed envelope containing the real name and address of the writer. No definite length is prescribed for the essays; but it is expected that each will constitute a small monograph of some 30 to 100 typewritten pages (7,500 to 25,000 words). The judges to arrange the determination of the award are James H. Tufts, professor of philosophy, University of Chicago; Mrs. Irene Osgood Andrews, assistant secretary of the American Association for Labor Association; Frank A. Fetter, professor of political economy, Princeton University, chairman. The judges may call in the assistance of

others with special qualifications. The successful papers will become the property of the American Economic Association, and it is expected that they will be published as a supplement to the *AMERICAN ECONOMIC REVIEW*, or in some other way. All inquiries regarding the contest should be addressed to the Secretary of the American Economic Association, Goldwin-Smith Hall, Ithaca, N. Y.

The date for the handing in of the essays for the international prize-competition of the Travers-Borgstroem Foundation on "The nationalization of credit" has been postponed to March 31, 1924. The board of management also presents this memorandum in regard to the choice of the jury which will pass upon the essays:

For the judging of the works and the adjudication of the prizes of the international competition an international Jury of at least nine members will be appointed. The choice will fall upon professors of National Economy, Financial Science and Insurance as well as the Board of Managers or Directors of State Banks, great Loan Banks, Insurance Companies, Postal Administrations, a. s. o.—No State shall be represented in the Jury by more than one member with the exception of Switzerland whose representation however must not exceed one third of the whole Board.—The members of the Jury will be appointed by the Academical Senate of the University of Berne upon the proposal of the Faculty of Law.—The list of the members of the Jury will be published once the term fixed for the presentation of the works having expired and will at the same time be communicated to the Founder. Immediately after this the Jury will begin their work.

Information in regard to the regulations may be had upon application to the Office of the Foundation, University of Berne, Switzerland.

The library of the Commercial University of Rotterdam has bought the entire library of the late Professor E. von Philippovich. The collection consists of several thousand volumes and a very large collection of pamphlets and reprints carefully catalogued by Professor Philippovich.

The College of Commerce, in the University of Cincinnati, has been merged with the College of Engineering which is hereafter to be known as the College of Engineering and Commerce.

A secretarial course has been added to the courses in the department of economics in the University of Vermont. It is a four-year course of training in the field of commerce and economics supplemented with technical training especially adapted to secretarial work.

The University of Tennessee has recently created a separate Department of Agricultural Economics in which will be grouped the

work done in farm economics, farm management, and rural sociology. C. E. Allred has been made head of the department.

The first meeting of the Association of Collegiate Schools of Business was held in Cambridge on November 13, 14, and 15, at the invitation of the Harvard Graduate School of Business Administration.

The Seventh National Foreign Trade Convention will meet at San Francisco, May 12-15, 1920.

The Federal Reserve Board, in coöperation with the National Association of Credit Men, has undertaken the development of a plan to obtain monthly statistics showing the credit conditions in the different sections of the country and the more important industries.

The *Bulletin of the American Association of University Professors* for May, 1919, contains the report of the Committee on Academic Freedom in regard to the suspension from the department of economics in the University of Montana of Professor Levine. The state board of education has finally voted to reinstate Professor Levine and to pay him full salary for the period of suspension.

Professor Taussig has in press a volume of essays entitled *Free Trade, the Tariff, and Reciprocity* to be published by Macmillan in the course of the year 1920.

When the Workmen Help You Manage, by William R. Basset, will soon be published by the Century Company.

Messrs. Dent, London, announce a new work on *Free Trade*, by J. M. Robertson.

Messrs. Macmillan & Co., Ltd., London, have published: *The Economics of Welfare*, by A. C. Pigou; *Indian Finance and Banking*, by G. Findlay Shirras; *India at the Death of Akbar: An Economic Study*, by W. H. Moreland; and *Economic Consequences of the Peace*, by John Maynard Keynes.

The International Socialist Society (70 Fifth Ave., New York) announces the first issue of *The Socialist Review*, November, 1919.

The National Budget Committee (818 Connecticut Ave., N. W., Washington, D. C.) began in September the publication of a monthly entitled *The National Budget*. The board of directors of this committee is composed of John T. Pratt, chairman, Benjamin Strong, Paul M. Warburg, Charles F. Nesbit, Joseph P. Cotton, Henry L. Stimson, and Samuel McCune Lindsay.

The Joint Board of Sanitary Control in the Cloak, Suit and Skirt and Dress and Waist Industries (31 Union Sq., New York) began in August the publication of *Sanitary Control*, a monthly bulletin.

Positions

The Economics Department of the University of California desires a teacher of business administration and allied subjects for the second semester only, beginning January 12, 1920, salary up to \$2650 for the half year. Applications should be wired to Professor Ira B. Cross, University of California, Berkeley, California.

Appointments and Resignations

Professor T. S. Adams, who has been chairman of the federal Advisory Tax Board, has returned to Yale University. It is announced that he will also give a course on the public finance of war and reconstruction at the New School for Social Research in New York City.

Miss Henrietta Additon, executive assistant and director of field service, women and girls, United States Interdepartmental Social Hygiene Board, has been detailed to serve as non-resident lecturer in social economy at Bryn Mawr College, to give the course in social treatment of dependents, defectives, and delinquents, and to supervise the field work of the students preparing for the social treatment of delinquents and defectives.

Professor E. E. Agger, of Columbia University, has resigned his position and has become assistant to the president of the National City Bank.

Miss Mary Anderson has succeeded Miss Mary Van Kleeck as chief of the Women in Industry Service of the Department of Labor.

Mr. Robert E. Annin, manager of Sigsbee, Humphrey and Company, is giving a course of lectures, in New York University School of Commerce in the Wall Street Division, on the practical phases of ocean shipping. These lectures will appear in book form.

Professor E. Clair Bancroft is at the University of Maine as assistant professor of economics and sociology.

Mr. Holmes Beckwith has gone from Northwestern University School of Commerce to become professor of business administration and banking in Colorado College.

Mr. C. E. Blanchard has been appointed instructor in economics at Ohio State University.

Mr. W. F. Bloor, instructor in economics at the Ohio State University, has been employed in research and educational work with the Goodyear Rubber and Tire Company of Akron, Ohio.

Mr. J. Arthur Bogardus, of the Atlantic Mutual Insurance Company, will give a course in marine insurance in the Wall Street Division of New York University School of Commerce, Accounts and Finance.

Professor Ezra Bowen, of Lehigh University, is also lecturing in Lafayette College, having charge of the course in elementary economics.

Dr. John M. Brewer, formerly instructor in vocational guidance at Harvard University, has been made director of the Bureau of Vocational Guidance under the Division of Education, at Harvard University.

Professor R. G. Campbell has returned to his work as associate professor of political science at Washington and Lee University.

Professor Paul T. Cherington has resigned as professor of marketing in the Harvard Business School to become secretary of the National Association of Wool Manufacturers.

Dr. Edwin L. Clarke, of Hamilton College, has been appointed instructor in economics and sociology in Ohio State University.

Mr. Harry P. Coats has been appointed assistant professor of economics in the University of Vermont.

Mr. Allan B. Cook, of the Bankers' Trust Company is offering a course of lectures in foreign exchange in the Wall Street Division of New York University School of Commerce, Accounts and Finance.

Mr. Shirley J. Coon, instructor in economics at the Ohio State University, has been elected to a professorship in Tulane University.

Professor S. A. Cudmore has resigned from the department of political economy at the University of Toronto on being appointed director of educational statistics in the federal Census and Statistics Bureau, Ottawa.

Associate Professor W. W. Cumberland, of the University of Minnesota, who has been serving as economic and financial expert with the American Commission to Negotiate Peace, has been detailed to accompany the American Military Mission to Armenia. The mission is headed by Major General Harbord and is sent by the President

to conduct a military, political and economic investigation in Armenia and the Caucasus region. Upon returning to Paris, Professor Cumberland will resume his work with the Reparation and Financial Commission of the Peace Conference.

Associate Professor Vanderveer Custis, who has been doing work for the Federal Trade Commission, has now returned to the University of Washington.

Mr. E. F. Dahm has resigned his position as head of the Extension Division of the University of Washington, Seattle.

Dr. George R. Davies, formerly associate professor of sociology and history at the University of North Dakota, has accepted an assistant professorship in economics at Princeton University.

Dr. Neva Deardorf, assistant to the director of civilian relief, American Red Cross, has been appointed to the position of non-resident lecturer in social economy at Bryn Mawr College to give the seminars in social theory and in social economy applied to social relief.

Dr. A. S. Dewing has been appointed instructor in economics at Harvard University.

Professor Charles E. Dice, of Colorado College, has been made assistant professor of economics at the Ohio State University.

Mr. Wallace Brett Donham, formerly vice president of the Old Colony Trust Company, Boston, has been elected professor of business economics and dean of the Graduate School of Business Administration at Harvard University.

Dr. Howard D. Dozier, of the University of Georgia, is now professor of economics at Dartmouth College.

Mr. C. S. Duncan has resigned his position as assistant professor in the School of Commerce and Administration of the University of Chicago to take up research work with the National Industrial Conference Board. Mr. Duncan has been engaged in work with the Division of Planning and Statistics of the United States Shipping Board and was transferred to the American Shipping Mission, London, in September, 1918, and later was appointed special expert for the Shipping Board at the Paris Peace Conference.

Mr. George J. Eberle, instructor in economics at the University of Wisconsin, has resigned to accept a position with the British Columbia Electric Railway Company, Vancouver, B. C.

Mr. George W. Eckelberry, instructor in economics in Ohio State University, has been engaged in accounting practice with Mr. C. D. Wall of Columbus, Ohio. Both Messrs. Wall and Eckelberry are serving as lecturers at the university the present year.

Mr. Walter Eckelberry, instructor in business law at Ohio State University, has resigned to engage in the practice of law in Cleveland.

Dr. Minnie T. England, assistant professor of money, banking, and credit in the University of Nebraska, has resigned.

Dr. C. J. Foreman, formerly at the University of Arkansas, is now associate professor of economics in the University of Cincinnati.

Professor Edwin F. Gay has resigned as dean of the Graduate School of Business Administration at Harvard University to become editor of the *New York Evening Post*.

Mr. W. E. Gettys has been appointed instructor in economics in Ohio State University.

Professor David I. Green has been acting professor of economics and sociology in Iowa State Teachers College since January, 1919, and has now become professor of economics and sociology at Kenyon College, Gambier, Ohio.

Mr. Harry G. Gutham has been appointed instructor in economics and accounting at Syracuse University.

Dr. Alvin H. Hansen, formerly at Brown University, has been appointed associate professor of economics in the University of Minnesota.

Mr. Hector McBean Hart has been appointed instructor of economics in New York University School of Commerce, Accounts, and Finance.

Mr. James A. Healy, export manager of the Schofield Oil Company, is offering a course of lectures in the Wall Street Division of New York University School of Commerce, Accounts and Finance in the use of documents in ocean shipping.

Dr. Felix Held, formerly of Miami University, has been appointed instructor in economics in Ohio State University.

Professor J. A. Hobson, London, gave a course of lectures at the University of California in November, 1919.

Mr. Joseph B. Hubbard, who has been doing work under the Tariff

Board at Washington, has been appointed an instructor in economics at Princeton University.

Dr. John Ise has been promoted to associate professor of economics at the University of Kansas.

Mr. Gilbert E. Jackson has been appointed assistant professor of political economy in the University of Toronto.

Dr. George M. Janes, recently of the University of North Dakota, has been appointed professor of economics and head of the department at Washington and Jefferson College, Washington, Pa.

Mr. Jens P. Jensen, who served as a statistician with the Meat Division of the United States Food Administration in 1918 and was appointed a teaching assistant in political economy at the University of Chicago in 1919, has joined the economics department of the University of Kansas as an assistant professor.

Professor Emory R. Johnson has been appointed dean of the Wharton School of Finance and Commerce of the University of Pennsylvania. During the summer Professor Johnson has been engaged as a member of the Committee on Railroads of the Chamber of Commerce of the United States in making a study of proposed railroad legislation.

Professor Edward D. Jones is on the staff of the Bureau of Vocational Guidance, Division of Education, at Harvard University.

Miss Angie Kellogg, formerly instructor at Bryn Mawr College, will, for the year 1919-1920, direct the county work in the care of dependents and delinquents at Watertown, New York.

Professor E. W. Kemmerer, of Princeton University, spent last summer in Guatemala acting as financial adviser to the Guatemalan government in matters relating to currency and banking reform.

Mr. A. W. Kimber, vice-president of the Fitch Investment Service, is giving a course of lectures on foreign government bonds in the Wall Street Division of New York University School of Commerce.

Mr. Arthur S. Kleeman, manager of the investment department of George H. Burr and Company is giving a course on the principles of investments in the Wall Street Division of New York University School of Commerce, Accounts and Finance.

Mr. F. H. Knight has resigned his instructorship in political economy in the University of Chicago and has been made assistant professor of political economy in the University of Iowa.

Professor O. C. Lockhart, of the Ohio State University, who was on leave of absence last year engaged in research work with the National Bank of Commerce in New York City, has resigned his position to continue his work with the bank. He is giving a course of lectures in money and credit in the Wall Street Division of New York University School of Commerce, Accounts, and Finance.

Professor H. L. Lutz, of Oberlin College, is acting as tax adviser to the Joint Tax Commission of the Ohio Legislature. Special attention is being given to the income tax. Other problems within review are school relief and local debt limitation.

Mr. A. J. Lynn has been appointed instructor in economics to assist in the classes in accounting, at the University of Wisconsin.

Professor D. A. MacGibbon, formerly at McMaster University, is now professor of economics at the University of Alberta, Edmonton, Canada.

Mr. Harrison McJohnston, instructor in economics at Ohio State University, has resigned to engage in business with the Brevity Publishing Company of Chicago.

Assistant Professor R. D. McKenzie, of Ohio State University, has been made professor of sociology at the University of West Virginia.

Mr. Karl F. McMurry has been promoted to the rank of associate professor at the University of Wisconsin.

Professor J. D. Magee, formerly associate professor of economics in the University of Cincinnati, is now professor of economics in New York University.

Mr. Lloyd W. Maxwell, recently engaged in statistical work in the Division of Planning and Statistics of the United States Shipping Board, has been appointed special expert for the United States Tariff Commission.

Professor Harry Alvin Millis is acting as chairman of the Trade Board, Clothing Industry, Chicago, and is teaching half time at the University of Chicago.

Mr. Andrew J. Newman, who was elected Flood Fellow in Economics at University of California for the current year, has resigned to accept an assistant professorship in economics at the University of Kansas.

Professor Carl E. Parry has resigned his position at the Ohio State University to accept a professorship in the College of Commerce and Business Administration, Tulane University, Louisiana.

Professor C. C. Plehn, of the University of California, and Professor E. R. A. Seligman, of Columbia University, will exchange chairs for the second semester of the year 1919-1920.

Professor Harold L. Reed, formerly at Cornell University, is now head of the department of economics in the College of Arts and Pure Science of New York University.

Lt. James Harvey Rogers has returned to the University of Missouri and has been promoted to the rank of associate professor of economics.

Mr. George B. Roorbach has been made professor of foreign trade in the Graduate School of Business Administration at Harvard University.

Dr. I. M. Rubinow is in Palestine as director of the American Zionist Medical Unit of Palestine.

Mr. Oscar V. Ryder, formerly instructor in economics at Harvard University and recently engaged by the Treasury Department as an investigator of war plants under the Revenue Act of 1918, has been appointed special expert for the United States Tariff Commission.

Mr. D R Scott has returned from army service to the University of Missouri and has been made associate professor of economics.

Professor Horace Secrist, of Northwestern University, has been made director of the Bureau of Business Research of Northwestern University School of Commerce. He has been relieved of part of his teaching duties and will direct the activities of the bureau in the industrial market surveys which are being undertaken.

Miss Marjorie Sheets, formerly with the National Bank of Commerce in New York, has been appointed instructor in economics at Ohio State University.

Mr. Charles L. Sweeting, of the Federal Board of Vocational Education, Rehabilitation Division, has been appointed instructor in economics in Syracuse University.

Mr. Burton E. Tiffany, instructor at the University of South Dakota, has been raised to the rank of assistant professor of commerce.

Professor Donald S. Tucker, chairman of the department of economics at Wellesley College, is assisting in the courses in economics at the Massachusetts Institute of Technology during the first semester.

Professor R. H. Tucker has been promoted to a full professorship

in economics and commerce at Washington and Lee University having returned after several months as employment manager of the American Shipbuilding Corporation and as chairman of the Industrial Commission of Virginia.

Assistant Professor Rexford Tugwell has resigned from the University of Seattle to go into business in the East.

Mr. Floyd L. Vaughan, recently with the Federal Trade Commission, is now assistant professor in the department of economics at Brown University.

Assistant Professor H. F. Walradt, who has been on leave of absence with the war export board during the past year, has returned to his work at Ohio State University.

Mr. John D. Willard, extension professor of agricultural economics, Massachusetts Agricultural College, has been appointed a member of the Massachusetts Commission on the Necessities of Life.

Dr. John H. Williams resigned his position as instructor in economics at Harvard University and assistant editor of the *Review of Economic Statistics* to become assistant professor of economics at Princeton University. During the summer Mr. Williams accompanied Professor Kemmerer to Guatemala as his secretary.

Mr. Harry D. Sheppard, instructor in economics in Ohio State University, has resigned to engage in private business.

Dr. Sumner Slichter, formerly of the University of Chicago, has been appointed an instructor in economics at Princeton University.

Mr. William M. Steuart, Secretary of the United States Tariff Commission, has resigned to accept the position of Assistant Director of the United States Census. Mr. John F. Bethune, chief clerk of the Lincoln Memorial Commission, has been appointed his successor.

Mr. Charles F. Speare, formerly financial editor of the *Evening Mail*, is giving a course in marine insurance in the Wall Street Division of New York School of Commerce, Accounts, and Finance.

Mr. William Homer Spencer has been made assistant professor of business law in the School of Commerce and Administration of the University of Chicago.

Assistant Professor Donald R. Taft, of Ohio State University, has become assistant professor in sociology in Wellesley College.

Professor A. W. Taylor, director of the Wall Street Division of New York University School of Commerce, Accounts and Finance has been made full professor of economics and head of the Department of Trade and Transportation.

Professor F. W. Taussig has been appointed a Commander of the Order of the Crown by the Belgian government in appreciation of his services as expert in Paris in connection with the negotiations of the Treaty of Peace.

Mr. Walter C. Weidler, instructor in economics at Ohio State University, has been elected to a professorship in Tulane University.

Mrs. Eva Whiting White, director of training of the Intercollegiate Community Service Association, will hold the position of non-resident lecturer in social economy to give the courses in community organization at Bryn Mawr College during the year 1919-1920.

Professor F. E. Wolfe, formerly at Ohio Wesleyan University, is now head of the department of political economy at Syracuse University.

Mr. Elmer Wood, who was acting instructor of economics at the University of Missouri during the summer, has been appointed instructor in economics at Tufts College.

Dr. Harvey A. Wooster has resigned his position as assistant professor of economics at the University of Missouri and has become professor and head of the department of economics at Tufts College.

Professor James M. Wright, formerly at Baylor University, Texas, has been appointed associate professor in the department of political economy of Syracuse University.

Dr. Herbert Knight Dennis, formerly instructor in sociology at the University of Illinois and subsequently lecturer at Rice Institute, died on July 13, 1919.

Dr. Walter E. Weyl died in New York City on November 10.

Professor Ralph Cahoon Whitnack, formerly professor of economics at Keio University, Tokio, died April 14, 1919. At the time of his death Professor Whitnack was serving as joint revenue commissioner for the native state of Baroda, India. He had direct jurisdiction over the departments of excise and customs, agriculture and coöperative credit. During 1918 and until his death he was price controller and director of civil supplies.





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